# PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 489 (Part 1)

# HOUSE OF COMMONS

OFFICIAL REPORT

FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2008–2009

COMPRISING PERIOD
9 March 2009—20 March 2009

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# THE PARLIAMENTARY DEBATES

## OFFICIAL REPORT

IN THE FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES VOLUME 489

FIFTH VOLUME OF SESSION 2008-2009


# House of Commons

*Monday 9 March 2009*

*The House met at half-past Two o'clock*

**PRAYERS**

[MR. SPEAKER *in the Chair*]

# Oral Answers to Questions

## CHILDREN, SCHOOLS AND FAMILIES

*The Secretary of State was asked—*

**Myplace (Blackpool)**

1. **Mr. Gordon Marsden** (Blackpool, South) (Lab): What assessment he has made of the potential contribution of his Department's myplace programme to supporting young people in Blackpool; and if he will make a statement. [261289]

**The Minister for Children, Young People and Families (Beverley Hughes):** Myplace will transform the lives of thousands of young people in Blackpool, as it will those of tens of thousands of other young people across the country. Through £272 million of investment from 2008 to 2011, myplace is delivering world-class facilities for young people, driven by the active participation of young people themselves. Last week, I announced the second tranche of £180 million for 41 superb projects across the country, including £4 million for the Blackpool youth hub.

**Mr. Marsden:** Does my right hon. Friend agree that this is a splendid example of the way in which Government initiatives from children's centres to myplace are transforming prospects for young people in towns such as Blackpool? Will she congratulate with me the council officials, the Blackpool young people's council and all those involved in school councils in Blackpool who have been involved in putting the project together and, as importantly, continue to be involved in voluntary work that makes a practical link between Government initiatives and day-to-day life in the Blackpool community?

**Beverley Hughes:** Yes, I will. It was a superb bid. It was strong in two respects, which is particularly important. The first strength was the partnership behind the bid, which means that a strong and secure revenue funding stream supports future work through the involvement of the primary care trust and the police. The second strength was the central involvement of young people that shaped the bid and decided what it would provide, including a mixture of exciting activities as well as a range of advice, information and support for young people from the various agencies involved.

**Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): I very much welcome this exciting initiative in Blackpool, South. While we are waiting for something in Blackpool, North, will the Minister please liaise with Blackpool council to ensure that young people who live in the north of the town can access this new facility and all the other facilities that are available on the Palatine school site?

**Beverley Hughes:** That is very important. The partnerships putting in the bids—Blackpool's bid was strong in this respect—had to demonstrate how they would seriously involve young people from a range of communities, in particular those from the most disadvantaged communities. We know that the young people who cannot get these opportunities routinely through their family are the ones for whom the opportunities offered by the centres of participating in such positive activities with good, mature adults who are good role models will make the most difference. My hon. Friend's point is a very important one.

## Schools (Capital Funding)

2. **Kerry McCarthy** (Bristol, East) (Lab): What capital funding for schools is planned to be brought forward to 2009-10. [261294]

**The Secretary of State for Children, Schools and Families (Ed Balls):** Capital spending on schools and children's play areas of £919 million will be brought forward from 2010-11 to the coming financial year. Of that money, £390 million has been devolved directly to all schools to invest in smaller projects such as new science labs or gyms and £490 million has been allocated to the 116 local authorities who responded to our invitation to accelerate larger-scale spending to the benefit of pupils and local businesses alike.

**Kerry McCarthy:** My right hon. Friend will know that Bristol has been well ahead of the curve in terms of the Building Schools for the Future programme, which has made a real difference to schools in east Bristol in particular. Will he confirm that this new tranche of investment will benefit not just schools in Bristol but local companies, and construction firms in particular?

**Ed Balls:** I can confirm that that is the case. In fact, Bristol brought forward a total of more than £2 million plus a further £500,000 for voluntary aided schools out of a possible £4.2 million, so there is still space there. If Bristol wanted to make a further bid to bring more money forward, that would mean even more contracts for local small businesses as well as more benefits for pupils. Bristol is one of the authorities to have bid and that is very welcome indeed.

**Mr. Ian Taylor** (Esher and Walton) (Con): Will the Secretary of State confirm again that some of that money will be used for science laboratories in schools? Will he also ensure that they are of dedicated design so that teachers can do the sort of experiments that excite young people into learning the individual science subjects? Will he also consult on risk so that teachers have the courage to do something that goes "Bang" occasionally?

**Ed Balls:** I can confirm that the money is available to schools so that they can make their own decisions, in part. If their decision is to refurb science labs, that is all to the good. Surprisingly, the hon. Gentleman's authority asked to bring forward only 30 per cent. of the total that it could have brought forward, so it has not brought forward over 85 per cent. of the money that it could have done. There are 33 authorities that have turned down the invitation to bring forward any money at all to 2009-10. That seems to be letting down the small businesses that need the contracts very badly.

**Ms Dari Taylor** (Stockton, South) (Lab): My right hon. Friend is right: capital funding is highly valued, and will transform the quality of education. That said, does he understand why I, like my colleagues in Stockton, was disappointed to read that we would lose £5 million from our Building Schools for the Future funding? Can he explain why that is happening, and why it is based on something called the location factor?

**Ed Balls:** The position in Stockton is very odd indeed. We asked the local authority, on more than one occasion, to bring spending forward from 2010-2011 to 2009-10, and it turned down that invitation entirely. I know that the Conservative party has issued a national injunction on bringing forward spending to benefit local businesses, but I would have thought that the right thing for local councils to do would be to ignore central political injunctions, and to do the right thing by local pupils and businesses. The fact that the 33 authorities concerned are disproportionately Conservative authorities is no surprise at all.

**Mr. David Laws** (Yeovil) (LD): On the issue of schools funding, ever since Tony Blair was Prime Minister, there has been a pledge to increase each year the share of the national cake that goes on education funding. That has been honoured since 1998. Does that pledge persist beyond the current spending review?

**Ed Balls:** It does persist for the Labour party. We have made clear our commitment that a rising share of national income will go on education over the course of this Parliament. That is the commitment that we made. It takes forward our goal, which is steadily to close the gap in funding between state schools and independent schools. That is our commitment, but it would not be delivered on if there were a £5 billion cut in public spending and a commensurate cut to the Department for Children, Schools and Families budget. That may not be what the hon. Member for Surrey Heath (Michael Gove) wants, but there is a clear commitment to that cut from the Leader of the Opposition, Mr. David Cameron.

**Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): I thank my right hon. Friend for the very welcome announcement of Building Schools for the Future investment in Plymouth's schools; that will be good for education, jobs and small businesses. Can he give me advice on how we can make absolutely sure that the investment is secured? Is there any risk at all that the investment might not be made?

**Ed Balls** *rose—*

**Mr. Speaker:** Order. Before the Secretary of State answers, he will understand that there are conventions in the House, and he will keep to those conventions.

**Ed Balls:** I apologise wholeheartedly for that mistake, Mr. Speaker. On Plymouth, the answer is that the authority has asked to bring forward just 3.2 per cent. of the total that it could have brought forward—a matter of a few hundred thousand pounds, when it could have brought forward millions of pounds of extra investment to 2009-10. As for the wider commitment to Building Schools for the Future, we are clear that we will keep this record investment in school buildings moving forward, so that we rebuild or refurbish all secondary schools in our country. It is the Conservative party that is committed to a £4.5 billion cut, which would mean that hundreds of schools around the country would not get the go-ahead if—

**Mr. Speaker:** Order. It is not good that the Speaker keeps coming in during Question Time, but the Conservative party is well able to put its own case. It is not necessary for the Secretary of State to put its case; that is not what he is here for.

**New Schools (Croydon)**

3. **Mr. Andrew Pelling** (Croydon, Central) (Ind): What recent progress has been made on the establishment of proposed new schools in the London borough of Croydon. [261292]

**The Minister for Schools and Learners (Jim Knight):** The local authority in Croydon has consulted on transformational plans for its educational provision, which include the establishment of three academies to replace National Challenge schools. My Department is working closely with the authority on those plans. There are also plans in the borough to amalgamate an infant and junior school; that is currently being considered by the schools adjudicator. London challenge advisers are supporting school improvement in six secondary schools and 13 primary schools in Croydon through the Key to Success programme.

**Mr. Pelling:** I thank the Minister for that answer. On academy plans for Croydon, what attention will he pay to the capture and continuation of the best of the predecessor schools, and to transferring any good traits to succeeding academies? I am thinking especially of Haling Manor high school, which has just been named the most improved school in London by the Specialist Schools and Academies Trust. What consideration is given to minimising disruption, for example in the case of Ashburton junior and infant schools, which have already been subject to a destabilising merger with another primary school? There were also three different succeeding plans and proposals for amalgamation on the Ashburton community school site, creating an all-the-way-through, four-to-18 school. That is an important issue for my constituents—

**Mr. Speaker:** Order.

**Jim Knight:** I met my right hon. Friend the Member for Croydon, North (Malcolm Wicks) and the leader of the Labour group who, in a pithy way, made the same sort of points to me last week. Haling Manor school has shown improvement generally over the past few years, but there is still a lot more to do in respect of English and maths. Given the comprehensive performance assessment rating that Croydon council has recently received, I am not confident that that is the right body to provide the support that that school needs, which is why I have approved the move to academy status with one of the strongest sponsors that we have in the academies movement, the Harris Federation.

**Education Maintenance Allowance**

4. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What recent assessment he has made of progress in the delivery of the education maintenance allowance; and if he will make a statement. [261293]

**The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry):** Education maintenance allowance processing rates are now operating at normal levels. All applications are being processed within two weeks of receipt and, as of 27 February 2009, more than 558,000 unique learners had received an EMA payment, compared with 550,000 for the entire academic year 2007-08.

**Mr. Goodwill:** The administration of the scheme has been a nightmare for sixth-form colleges. At Scarborough sixth-form college, more than a third of the 1,100 students have applied for EMAs and there have been problems. The college has tried everything. It has brought in additional admin staff on a Tuesday, the payments day, and staff have even worked in the evenings and at night to try to get on the website. Despite that, they have had to advance over £1,000 each to 20 students, and the allowances for four students are still outstanding. May we have an apology from the Minister to the staff who have had to deal with the scheme and, more particularly, to the students from lower-income households, who are just the people whom the scheme was meant to help?

**Sarah McCarthy-Fry:** I am sure that we are all very grateful to members of staff who stayed to help those students who missed out. As I said, we are currently processing applications within two weeks of receipt and we have more or less cleared the backlog. If there are any cases that the hon. Gentleman is aware of, I will gladly look into those if there is still a problem.

**Mr. Denis MacShane** (Rotherham) (Lab): Is the Minister aware that in Rotherham alone 3,040 EMAs have been awarded? Yes, there have been teething and administrative troubles, but EMAs are most welcome. Is it not the case—I am not sure whether I may say this—that the Conservatives have consistently opposed efforts to help working-class kids get higher education? They should be ashamed of themselves.

**Sarah McCarthy-Fry:** I thank my right hon. Friend for that question. I will use the opportunity to emphasise Labour's commitment to help those from disadvantaged backgrounds to stay in further education. We can see that the policy has worked, because the most recent analysis has shown that EMA increased attainment at levels 2 and 3 by 2 or 3 percentage points.

**Julia Goldsworthy** (Falmouth and Camborne) (LD): EMA and adult learning grants are there to provide incentives and support to those on low incomes who wish to pursue their studies. Will the Minister therefore please explain why there is no equivalent support for young people with learning disabilities who wish to continue their studies? My 19-year-old constituent Emma Frost is studying for a level 1 qualification—[Hon. Members: "Reading!"]—and is not entitled to education maintenance allowance or adult learning vouchers—

**Mr. Speaker:** Order. I see hon. Members getting very grumpy today, but the hon. Lady should not be reading. She has been in the House a long time now and she should not be reading a supplementary question. She did not know what the reply to the original question would be, so how can she have a prepared question?

**Sarah McCarthy-Fry:** We are committed to ensuring that all young people between the ages of 16 and 18 have the opportunity to go on to further education and get the qualifications that they can. We are certainly committed to helping young people with learning difficulties and disabilities to do that, too.

**Mrs. Madeleine Moon** (Bridgend) (Lab): Does my hon. Friend agree that the education maintenance allowance has helped people who would otherwise not have stayed on at school and college to remain there during the current economically difficult period, and that it is important that we find ways of facilitating access to the education maintenance allowance when families suddenly lose their income and their children may be forced to leave education or college before they reach the end of their course?

**Sarah McCarthy-Fry:** I recognise the problem that my hon. Friend mentions. At present, the assessment system for the education maintenance allowance is annual, but when a particular difficulty has occurred during an educational year, we have the facility of learner support grants. We will look further into how we can use them.

**Mark Pritchard** (The Wrekin) (Con): Does the Minister accept that there needs to be more flexibility in the means-testing criteria? For example, the circumstances of a household on an income of £30,000 with a single child in full-time education are entirely different from those of another household on the same income but with five children in full-time education. Such issues have an impact on whether some children fulfil full-time education.

**Sarah McCarthy-Fry:** The problem is that the more flexibility we put into the system, the more complex it becomes. I understand the hon. Gentleman's point, but there will not always be the same number of young people in the 16-to-18 age group. It is that particular age group that we are trying to attract with the education maintenance allowance.

**Joan Ryan** (Enfield, North) (Lab): Some 4,000 young people in Enfield have benefited from the education maintenance allowance in the past year. That means young people staying in education and getting the qualifications that they need in both academic and vocational courses. It is interesting to note that the number of young people going to university from Enfield has doubled in the past 10 years; in recent years, the education maintenance allowance has made a significant difference. Will the Minister give a commitment that, unlike the Conservative party, we will guarantee the future of the education maintenance allowance?

**Sarah McCarthy-Fry:** I thank my right hon. Friend for her question. Her constituency is testament to the good work that the EMA has done in enabling young people from disadvantaged backgrounds to continue their education. I am proud to say that we are, I understand, the only party committed to continuing the education maintenance allowance.

## School Standards (Secondary Schools)

5. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What his most recent assessment is of trends in educational standards in secondary schools; and if he will make a statement. [261294]

**The Minister for Schools and Learners (Jim Knight):** Secondary school standards have never been higher. A sevenfold real-terms increase in investment in school buildings and technology since 1997 has supported rapidly improving learning environments. The 25,900 extra secondary school teachers and more than four times as many teaching assistants mean more individual attention to pupils. That is why standards are improving, as reflected in record results at GCSE and A-level.

**Mr. Hands:** As the Minister will know, schools in Hammersmith and Fulham get well above average GCSE results and are improving, and some 62 per cent. of parents there get their first choice of secondary school. However, we also have an important, dynamic and forward-looking academy programme, including a proposed new Mercers' school in Hammersmith. May we have a commitment from the Minister that the academies programme will not be watered down further and that councils such as Hammersmith and Fulham can continue to innovate and deliver in their secondary school provision?

**Jim Knight:** There has certainly been no watering down of our commitment to academies; indeed, the pace of their development has increased. Just today, I was looking at issues to do with the Hammersmith academy that the Mercers' Company and the information technology company are both sponsoring. I am continuing to be as helpful as I can to ensure that the improvement needed for that school is secured through the academy process.

**Mr. Ken Purchase** (Wolverhampton, North-East) (Lab/Co-op): There are, of course, many ways to measure improvements in schools. One has come to my notice today; it is the massive improvement in the number of young people from my constituency who go to university. Government Front Benchers are to be congratulated on the policies that have led to that. There has also been dedicated teaching, leadership and parental involvement. That result has been achieved in my constituency by really hard work, and without the assistance of one academy or trust school; in fact, it has been impeded by selection in other schools.

**Jim Knight:** It is with great pleasure that I am able to agree with my hon. Friend—that does not always happen—about the take-up of higher education in Wolverhampton, which has been a huge success. I know that many attend the local university. Wolverhampton university does a good job and is doing a good job in supporting schools in the black country. As my hon. Friend says, that sort of school improvement is down to great teaching, great leadership and good involvement with parents.

**Mr. Mark Field** (Cities of London and Westminster) (Con): My hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) and I represent inner-London seats. As the Minister is aware, there is a big initiative—Aimhigher—to try to encourage children from such areas to go to our top-flight universities. Can he give us some indication as to how successful that has been?

**Jim Knight:** The short answer to the hon. Gentleman is "Very."

**Mr. David Kidney** (Stafford) (Lab): I thank my right hon. Friend for the letter of congratulations that he sent to King Edward VI school in Stafford for being in the top 100 most improved schools in the country last year.

Another school in Stafford is in the National Challenge programme. I want to assure him of my full support for the improvement programme and ask him to reassure me that the Department will give its full support, too. Does he agree that that programme holds out the prospect of achieving the aim, long held by Labour, of making every school a good school?

**Jim Knight:** My hon. Friend is right. This is a good opportunity to reinforce my congratulations to King Edward VI school in Stafford on its great improvement. National Challenge provides an investment of £400 million in order to ensure that every school gets above the floor of at least 30 per cent. of pupils achieving five A* to C grades at GCSE, including in English and maths—a figure that more than half could not achieve when the Conservatives were in power.

**Michael Gove** (Surrey Heath) (Con): Is the Minister happy that there is no requirement to study any foreign literature in the foreign languages syllabus at A-level? Is he also happy that there is no requirement to translate directly from one language to another at GCSE?

**Jim Knight:** I remain happy with the standard of foreign languages GCSEs and the programme of study. I want to see greater take-up of foreign language learning, which is something that we were developing with the late Lord Dearing. This is an opportunity for me to pay my personal tribute to the work that he did with his language review.

**Michael Gove:** We all acknowledge the debt that we owe to Lord Dearing. However, it is also the case that the catastrophic fall in the number of students taking modern languages at GCSE has followed this Government's policies.

The Minister will be aware that last week Manchester grammar school became the latest school to abandon the GCSEs for which he is responsible to opt for the independent international GCSE, or IGCSE. The Minister says that he is satisfied with exam standards, but clearly those with the freedom to escape his strictures are not. In GCSE biology, candidates are asked, "Which is healthier, sausages in batter or grilled fish?", while IGCSE science is rated by the Government's own officials as broader and deeper, with content comparable to an AS-level. Why will he not fund state students to do these rigorous exams? Is he happy with educational apartheid?

**Jim Knight:** I know that the hon. Gentleman is wedded to wanting a two-tier system, but we want a GCSE system that caters for and properly assesses people of the full range of abilities. We are implementing the Dearing review on languages in full; that is why we are moving from five years to seven years of compulsory language learning by starting that learning at the age of seven. In respect of science, the GCSE tests the full range of ability. When he was on the radio, John Dunford from the Association of School and College Leaders rightly said that young people who need to be stretched at the top level may not need such assessment, because they can be engaged with and stretched through, for example, the Young Gifted and Talented programme and, if desired, starting AS-levels and A-levels early.

## School Standards (Primary Schools)

7. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What recent assessment he has made of educational standards in primary schools; and if he will make a statement. [261296]

**The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry):** As in secondary schools, standards in primary schools have never been higher. In 2008, provisional key stage results show that 81 per cent. of 11-year-olds achieve level 4 or above in English and 78 per cent. achieve level 4 or above in mathematics. There have been consistent and significant improvements in our primary schools over the past decade. This year, over 101,000 more 11-year-olds achieved the target level for their age in reading, writing and mathematics than in 1997.

**Mr. Evennett:** I note the Minister's response. However, there are real concerns about the move away from traditional subjects in the primary curriculum to softer options. When will the Minister accept that these changes—moving away from facts, knowledge and rigour—will lead to an erosion of standards for our young children?

**Sarah McCarthy-Fry:** Jim Rose is currently conducting a review of the primary curriculum, and it is quite clear from the interim report that he is certainly not advancing soft options. The use of cross-curricular studies in order to broaden and deepen children's understanding does not mean that they will not be studying traditional subjects discretely.

**Fiona Mactaggart** (Slough) (Lab): The Minister who is about to answer me is the one Minister in her Front Bench team whom I have not nobbled on this issue. Primary schools and secondary schools in Slough are popular because parents are opting into the Slough system. As a result of that, combined with increased migration, the fact that the Office for National Statistics cannot count the population of Slough and a 10 per cent. increase in the birth rate, we do not have sufficient places in our schools. Even at primary level, children have to travel a very long distance. Can the Minister offer me any comfort about extra investment in our primary schools, so that excellence is available to parents in Slough?

**Sarah McCarthy-Fry:** I thank my hon. Friend for her question; it echoes the Westminster Hall debate that we had on certain schools in London which are facing similar problems. I would be happy to offer to meet my hon. Friend and her local authority to discuss how we can take this matter forward. The problem arose because in the past, local authorities requested certainty about their forward funding, and we gave them three-year certainty on capital funding. We do not hold funds back, because those authorities asked for that consistency and certainty. Some local authorities have been able to manage within that and some have not. If there are exceptional circumstances, I would be happy to discuss them with my hon. Friend.

**Sir Patrick Cormack** (South Staffordshire) (Con): Will the Minister accept that many of us are extremely concerned about the Rose proposals? We believe that

there should be real rigour in teaching in primary schools. Will she assure me that there is no question of the Government telling primary schools that they should no longer teach subjects?

**Sarah McCarthy-Fry:** I refer the hon. Gentleman to Sir Jim Rose's interim report and to the comments in which he clearly states that it is not a question of discrete subjects not being taught. However, they will be taught within areas of learning, to give young people a deeper understanding of how those subjects fit together. The final report will be published at the end of this month, and I am sure that the hon. Gentleman will be looking forward to what is in it.

**Mr. Brian Jenkins** (Tamworth) (Lab): We should all congratulate the staff and students in our primary schools for the extra success they are achieving year after year, but is the Minister satisfied that the assessment at the end of primary school is the best one we can make? Does she not find that the hot-housing and coaching for standard assessment tests, which can result in young students falling back in the first year of secondary school, might place them at a disadvantage? Is there not a better way of making an assessment of the progress that they make in primary schools than SATs results?

**Sarah McCarthy-Fry:** I assure my hon. Friend that our testing and assessment regime at the end of primary school is not set in stone, which is why we have an expert group to advise on our assessment processes. We are piloting single-level tests, testing when children are ready. The best schools achieve without having to hot-house or "teach to the test", as people say, which is why we have asked our expert group to look at this matter, and I am sure that my hon. Friend will be interested in its report.

**Mr. Nick Gibb** (Bognor Regis and Littlehampton) (Con): Given that one in five 11-year-olds are leaving primary school still struggling with reading and that 40 per cent. are leaving without having mastered the basics in reading, writing and arithmetic, why does the Minister think that it is beneficial for primary schools to be told by her Department to teach the curriculum through six areas of learning, or through cross-curricular topics and themes, as recommended by the Rose review that she referred to—an approach to education that failed so badly in the 1960s and '70s? Why does she think that the review managed to consult only eight parents during its consultation process?

**Sarah McCarthy-Fry:** I shall take the last point first. Jim Rose consulted very widely, and I can tell the hon. Gentleman that in his recent online surveys, nearly 1,000 parents were consulted, not just eight. Secondly, in the interim report that Sir Jim Rose produced, he made it very clear that we have to concentrate on literacy and numeracy.

I am getting a bit fed up with the idea that somehow there was a golden age of literacy. Some research by the National Foundation for Educational Research has shown that standards of literacy stayed broadly the same from the end of the second world war to 1996. Only this Labour Government have improved standards of literacy.

## School Funds

8. **Mr. Philip Dunne** (Ludlow) (Con): What recent discussions he has had on the use to which schools put their surplus funds. [261297]

**The Minister for Schools and Learners (Jim Knight):** I reported to the House last month that net surplus balances across schools totalled £1.9 million in the past financial year. My officials have held a number of discussions recently with local authority representatives, head teacher and teacher associations and other interested parties. Local authorities have powers to claw back excessive surpluses, and I expect them to use those powers.

**Mr. Dunne:** Did I hear the Minister correctly? Did he say £1.9 million? Did he mean £1.9 billion?

**Jim Knight:** £1.9 billion.

**Mr. Dunne:** Thank you.

Does the Minister share my view that with some 8,500 schools—nearly 40 per cent. of the total—holding excessive surplus funds, it is no wonder, considering the present allocation of school funding, particularly to rural areas, which are significantly underfunded compared with the average, that school governors and heads are more or less obliged to hold back surplus funds to ensure that they have money to fund their schools for the full school year?

**Jim Knight:** I have had discussions with the hon. Gentleman about this matter. There is a debate to be had, but the case about the underfunding of rural areas is not helped when in an area such as Shropshire, 44.6 per cent. of schools have excessive surpluses totalling £2.2 million.

**Mrs. Maria Miller** (Basingstoke) (Con): It is difficult to understand why the Government should choose to criticise school governors for being prudent with school money at a time when we all wish the Government had been a bit more prudent with our money. If the Minister still believes in autonomy for schools, will he assure the House that there are no hidden plans for him to come in and plunder school reserves?

**Jim Knight:** We have always been perfectly clear that a small level of surplus is prudent for schools to carry over, but excessive surpluses of the sort that the hon. Member for Ludlow (Mr. Dunne) mentioned comprise £1.9 billion that was given to schools to spend on this generation of children, not to save for some fictitious moment in the future. That is not acceptable. We have said that local authorities need to manage that, and if they do not, we will look at it again in 2011-12.

## Disabled Children (Family Breaks)

9. **Mr. Mark Harper** (Forest of Dean) (Con): What recent progress has been made in developing schemes for short breaks for families with disabled children. [261298]

**The Secretary of State for Children, Schools and Families (Ed Balls):** We have allocated £430 million to the "Aiming high for disabled children" programme, of which £370 million is to transform the provision of short breaks over the period from 2008 to 2011. As the House will know, the child health strategy allocated an additional £340 million over the same period, which takes the total funding for the provision of short breaks and other services for disabled children and young people to £770 million. Progress in our 21 pathfinder areas is going well, and all areas will receive funding from April.

**Mr. Harper:** When I questioned the Secretary of State on this matter last year, he said that primary care trusts would be expected to match the funding from his Department. He said that Members would hold them to account, and I have done so. I have written to every PCT in England, and two thirds have written back. All of them confirm that they have had no specific money from the Department of Health to pay for short breaks for disabled children, and because of that, almost half of them have not provided any money for that purpose. What is he going to do to put that right?

**Ed Balls:** I refer the hon. Gentleman to Mr. Speaker's comment a moment ago that it is wise for hon. Members to listen to the answer before reading out their supplementary. As I said in my answer, the Department has allocated £370 million, which has been matched by £340 million from the Department of Health. In the child health strategy, indicative allocations for every primary care trust were announced. It is now for PCTs and families to ensure that that money goes towards short breaks. I have written to every PCT, along with the Secretary of State for Health, to ensure that that is happening. I am afraid that the hon. Gentleman's survey is somewhat out of date.

**Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): Further to that point, what steps is the Secretary of State taking to ensure that parents of disabled children are aware of how much money their primary care trust has from the Government for that purpose? Although I have done my best to publicise it in Milton Keynes, I do not have a hotline to the local press, and I am fearful that the money will disappear into the general PCT budget.

**Ed Balls:** The child health strategy made clear not only the overall total, but the allocations to every primary care trust. It is important now to ensure that the money is spent. With Contact a Family, we are funding a parents forum in every area to ensure that parents are consulted about how the money—DCSF and Department of Health money—is spent. The best way of ensuring that the money is spent is to maintain our commitment to budgets in 2009-10 and 2010-11. To be honest, the £300 million planned by the Conservative party would mean cuts in that budget.

**Tim Loughton** (East Worthing and Shoreham) (Con): The announcement of £370 million investment in transforming short breaks for families with disabled children was warmly welcomed by hon. Members of all parties, and the Secretary of State can take his share of the credit. However, the announcement was made in January 2008, and £20 million of the money was supposed to be used to set up projects in the 21 pathfinder areas before the end of the current financial year in a few weeks' time. Mencap reports that, far from things going well, not one of the families with children with profound and multiple learning disabilities that it follows in the pilot areas has had any increase in their package of short breaks—14 months on, and there has been no transformation at all. Why is it taking so long and when will families at breaking point get the help that they were promised?

**Ed Balls:** The total spending in the next three years, including this year, is not £370 million but £770 million. It will mean a transformation in the provision of short breaks. The work was put together through consulting widely the consortium of children's charities, including Mencap and Contact a Family. Those organisations expressed a clear view that we should spend a small amount of money in the first year while we piloted how to spend the money well. A substantial amount of investment—indeed, record amounts—will be made next year and the year after. I met the people who are running the pathfinders a few weeks ago and their advice to me was that the pathfinder areas are all going well.

To destabilise and demoralise families with disabled children when we are a third of the way into what will be record investment in short breaks seems exactly the wrong approach. *[Interruption.]* The hon. Member for East Worthing and Shoreham (Tim Loughton) shouts across the Dispatch Box that I promised investment for short breaks and that I have not delivered. That is absolute nonsense. I have campaigned personally, as all Labour Members have done, along with hon. Members from across the House, with some exceptions, to ensure that the money is well spent on short breaks. The provision will be widely welcomed by parents throughout the country, and I commend to the House the £770 million for those families.

## CAFCASS

10. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of the Children and Family Court Advisory and Support Service to discuss its work. [261299]

**The Minister for Children, Young People and Families (Beverley Hughes):** Baroness Delyth Morgan, the Under-Secretary responsible for the matter, holds regular quarterly meetings with CAFCASS to review the progress of its work. Her last meeting with the organisation was held on 10 February.

**Mr. Bellingham:** Does the Minister agree that, although the chief executive of CAFCASS, Mr. Anthony Douglas, is doing an excellent job, one of the biggest problems facing the organisation is the lack of a proper complaints procedure? What does she plan to do to tackle that problem?

**Beverley Hughes:** I greatly welcome the hon. Gentleman's comments about the chief executive, who is rigorously pursuing performance improvement at CAFCASS at every level. People can complain to CAFCASS, which is a non-departmental public body, with a board that

monitors how it works and that will receive those complaints. If he has a specific case in mind or a suggestion for strengthening the process, I would welcome the opportunity to talk to him about it. I have not had any complaints, apart from his, about the lack of a complaints structure in CAFCASS, but if there is a widespread concern, we will clearly be happy to take it up with the organisation.

**Education (Parental Involvement)**

11. **John Robertson** (Glasgow, North-West) (Lab): What steps he has taken to encourage parents in the most disadvantaged areas to participate in the education of their children. [261300]

**The Minister for Schools and Learners (Jim Knight):** Parental involvement in education has increased overall since 2001. Almost 3,000 Sure Start children's centres are now open, providing support in the early years. Access to extended services will be provided by all schools from next year, including parenting support. Personal tutors, online reporting and home access schemes have also improved the home-school relationship in all areas, and many of the 2,300 parent support advisers who are now in place are targeted at deprivation.

**John Robertson:** I thank my right hon. Friend for his answer. He is well aware that the internet is now being used to educate parents on their children's education. The Government should be congratulated on the schemes that they are running to aid low-income families in getting that internet access. Can he tell me how the projects are going, and can he also assure me that they will continue and that the families will be looked after, including those parents who need educating on the process?

**Jim Knight:** My hon. Friend is right that good use of technology with a connection at home can be important in assisting learning. Indeed, academic research showed five years ago that that adds as much as half a grade at GCSE. That is why we are rolling out the home access schemes. I look forward to visiting Oldham on Wednesday, which is one of the two pilot areas, along with Suffolk, where the home access initiative has started. In Oldham, 2,000 families have already applied for the money. I look forward to meeting them and talking to them about how they are going to use it.

**Mr. Peter Bone** (Wellingborough) (Con): Last week I visited Oakway school in my constituency, whose catchment area is, shall I say, more difficult. The headmistress put it to me that she had 21 new pupils whose first language was not English. She was frustrated that those children were just sitting at the back of the class learning nothing. What can the Minister do to help encourage her and to ensure that there will be a solution to that problem?

**Jim Knight:** The comments that the hon. Gentleman has made cause me some concern. Those pupils should not be left at the back of the classroom; they should be getting the attention and the language support that they need. I referred in an earlier answer to the around 100,000 extra teaching assistants whom we have now deployed in classrooms in secondary schools alone. In many areas they are being used, alongside others, to give individual attention to exactly those sorts of pupils and to give them support with their language. I remember visiting an excellent primary school in South Swindon, where a range of teaching assistants were being used with an intake with well over 30 different languages being spoken at home. Those teaching assistants were being deployed excellently. The money is there; it just needs to be used properly.

**Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that one of the problems is that if a child's capacities and potential are largely determined by 22 months, we have got to get parents involved when children are aged from nought to three? What new strategies does he have to get to the nought-to-threes as early as possible, in order to stimulate those children as quickly as possible?

**Jim Knight:** We set out a range of strategies, both in the "New Opportunities" White Paper earlier this year and in "The Children's Plan: One Year On" at the end of last year, on parental engagement, including for the nought-to-threes. The expansion of children's centres, which is ahead of schedule, is at the heart of ensuring that in every community we have a children's centre that is engaging with parents to ensure that children are prevented from being disadvantaged by deprivation at home.

**Topical Questions**

T1. [261314] **David Taylor** (North-West Leicestershire) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

**The Secretary of State for Children, Schools and Families (Ed Balls):** Faith schools play an important role in our education system, in both the maintained and the independent sector. I have today asked Ofsted to carry out a survey of independent faith schools to ensure that the 2003 regulations for the spiritual, moral, social and cultural development of pupils which independent schools are required to meet are fit for purpose in preparing children and young people for life in modern Britain. I am confident that the vast majority of such schools are exemplary, but it is important that we work with the sector to achieve high standards in every school.

In addition, I can tell the House that we have today approved 10 new national challenge trusts, which will raise standards in 11 schools, in Bradford, Essex, Lancashire, Lincolnshire, north-east Lincolnshire, Nottinghamshire and Warwickshire, and five new academy projects, in Liverpool, Rotherham, Somerset, Medway and Outwood Grange school in Wakefield. That brings to 101 the total number of academy projects approved since the DCSF was created.

**David Taylor:** The House might have missed this weekend's leap of faith in Harrogate, which was forced on the self-confessed agnostic leader of an obscure political sect that has called for more state-funded Church secondary schools. Damascus, eat your heart out! How will my right hon. Friend reform the unacceptable admissions criteria used by far too many such exclusive institutions? As the recent Runnymede Trust report found, those criteria tend to preserve privilege rather than fulfil their claimed role of challenging injustice.

**Ed Balls:** That research reflects the position before our survey last year and the strengthening of the code. We now have a fair admissions code that will apply to all maintained schools, including all faith schools. We are supported by the faith schools in achieving that. I am grateful to have the Liberal Democrats on side now; if only we had the support of the Conservatives as well.

T2. [261315] **Mr. Adrian Sanders** (Torbay) (LD): Despite record local government settlements, class sizes in my constituency have been rising recently. What advice can the Minister give to Torbay on reducing them?

**Mr. Mark Harper** (Forest of Dean) (Con): Get a new MP.

**The Minister for Schools and Learners (Jim Knight):** I am sure that problems relating to class sizes in Torbay have nothing to do with the reputation of the hon. Member for Torbay (Mr. Sanders) here, despite the comment that was just made.

The council needs to look hard at how resources are being spent in schools. As the hon. Gentleman has said, resources are rising and it is notable that the number of adults now working with children in classrooms across the country is higher than it has ever been. That kind of individual attention is at the root of the improvement in standards in this country, and I hope that the council in Torbay can ensure that that will be delivered for the good residents of Torquay.

T4. [261317] **Mr. Stephen Hepburn** (Jarrow) (Lab): Because of this Labour Government, Boldon school in my constituency has been rebuilt incorporating state-of-the-art sports facilities. In the light of that, and of the expertise of its teaching staff, it has submitted a bid to the Secretary of State for specialist status in sport. Will he tell me how favourably he will look at that application?

**Ed Balls:** My hon. Friend will have to wait just a few days for the answer to that question. We will make an announcement on the new specialisms in the next few days. The reason why the school in his constituency is right to want to choose that specialism is that for the third year running, sports specialist colleges have seen the fastest rises in their maths and English results of all the specialisms, because of the way in which they use the aspiration and achievement of sport to motivate their pupils to learn. I cannot give him an answer today, but I very much hope that his school will be successful.

T5. [261318] **Philip Davies** (Shipley) (Con): A number of head teachers and other teachers in my constituency have asked for it to be made easier to get rid of poorly performing teachers. What assessment has the Secretary of State made of the number of poor-quality teachers in our schools, and what is he doing to ensure that schools can get rid of them, so that they do not damage the ethos of the school or the education of the pupils?

**Jim Knight:** The assessment that we have of the quality of teaching in our schools comes from Ofsted, which reports very favourably about it. It has said that we have the best generation of young teachers that we have ever had in our schools. As I said earlier, we now have an extra 23,000 of those high-quality teachers in our secondary schools alone. We are always looking at ways of attracting new teachers, and I am pleased that we have had a 30 per cent. increase in the number of people applying to become science teachers. That is an extremely positive development. The hon. Gentleman might also know, if he reads *The Times Educational Supplement*, that there has been a bit of a debate about the number of head teachers who have been dismissed recently. As I commented in that article, the most important thing when teachers or head teachers are moved on is to ensure that the right ones are moved on, and that we hang on to the vast majority who are doing a really good job for the children of this country.

T7. [261320] **Mr. Andy Slaughter** (Ealing, Acton and Shepherd's Bush) (Lab): More than 10 per cent. of children applying to secondary schools in Hammersmith and Fulham have not been offered a place in any of their six choices of school, and 38 per cent. did not get a place at their first choice. The education authority is using Building Schools for the Future money to restrict choice, rather than increase it. Community and single-sex schools are being closed or amalgamated, academy catchment areas are drawn to exclude socially deprived neighbourhoods, and only faith schools are being allowed to expand. Will my hon. Friend look into the misuse of public funds and the admissions procedure in Hammersmith and Fulham?

**The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry):** We are continually updating our admissions code in the light of information we receive. All maintained schools have to comply with our admissions code, including maintained faith schools, and with the judgments of the independent adjudicator.

T6. [261319] **Ann Winterton** (Congleton) (Con): Is it not important for pupils to have a sense of identity with and a loyalty to their school, and cannot that best be achieved not just through good discipline and good teaching, but by the wearing of a school uniform and by having a daily assembly that includes an act of Christian worship?

**Sarah McCarthy-Fry:** All schools must provide a daily act of collective worship for all registered pupils unless they have been withdrawn by their parents. A school can, however, apply to the local SACRE—standing advisory council for religious education—for a determination to have the requirement for collective worship lifted if it is not appropriate for its pupils.

T9. [261322] **Lyn Brown** (West Ham) (Lab): I am sure that my hon. Friend will agree that bullying in schools is insidious in all its many forms. Indeed, it has been reported that nearly half of all trans-gendered pupils attempt suicide before their 18th birthday. Will she tell me what the Government are doing to protect this very vulnerable group of young people?

**Sarah McCarthy-Fry:** I certainly agree that this is a very vulnerable group of young people and that any bullying in schools is a cause for great concern. We recently committed to extending guidance on homophobic bullying to include trans-gender pupils. In addition,

now that we have considered the many responses we received to consultation on the 2007 discrimination law review, I am happy to announce that we will extend the discrimination provisions to include trans-gender pupils in the forthcoming Equality Bill.

T8. [261321] **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): I know that Ministers are keen to improve the uptake of school meals in our country, and the campaign has focused on increasing the variety and diversity of foods available. Would the Minister care to look at an experiment taking place in Hinderwell school in Scarborough, which has succeeded by doing precisely the opposite? It has determined the five favourite menus and repeats them every single week, so the kids know what to expect. The Secretary of State might like to join me on Friday, which, incidentally, is fish and chips day.

**Ed Balls:** There are many schools that do fish and chips on Fridays, and do so successfully. The schools that have done best at improving the uptake of healthy meals are, in fact, those that have listened to pupils and taken their views into account. We are actually trying to go even further by piloting in respect of the potential for free school meals for all pupils—a proposal that was tried just down the road in Hull by the Labour council, but was then dropped by the Liberal Democrats.

**Andrew Mackinlay** (Thurrock) (Lab): May I take the Secretary of State back to the issue of pupils in disadvantaged areas, particularly in Tilbury in my constituency, which had two failing schools that we were proud to have replaced by the Gateway academy? Now, children from Tilbury cannot get into the Gateway academy: it was created and built for them, but now that it is a successful school, more than 40 applicants are being excluded. Does he have any powers to intervene in this nonsense, whereby we are disadvantaging those who are most deprived, for whom this school was primarily planned?

**Ed Balls:** The reason why we are expanding the academies programme is that academies have been set up disproportionately in respect of the most disadvantaged communities. The facts show that they actually take more disadvantaged pupils than their catchment area would suggest and they still achieve faster-rising results year on year. If they become more successful, then of course they become harder to get into, which is why we need to keep expanding the programme to ensure that every school can be a good school. *[Interruption.]* I would be happy to look at this particular instance, but I do not think that simply forcing schools to become ever larger is always the best way to do the best for the education of pupils.

T10. [261323] **Mr. Edward Timpson** (Crewe and Nantwich) (Con): On a recent visit to Eagle Bridge health centre in Crewe, I met a number of local health visitors who were at pains to point out to me their chronic case work load, with a single health visitor having to consider as many as 200 families overall. What action are the Government taking to address that problem, so that health visitors can be freed up to spend more time with each family and to provide more intensive support within the home environment?

**Ed Balls:** I had a meeting with health visitor representatives a week or so ago, and met health visitors in Derby on Friday. In the child health strategy, the Secretary of State for Health and I set out our intention to take forward, expand and support the health visiting profession. That will be an important theme in Lord Laming's report on progress on safeguarding, which will be published to the House on Thursday, and on which I will make a statement in the House.

**John Bercow** (Buckingham) (Con): Given that approximately 6,000 children a year exclude themselves from school after suffering extreme bullying, approximately 50 per cent. of whom have contemplated or attempted to commit suicide, will the Secretary of State agree to meet me and a delegation of interested parties to consider the case for funding the network of Red Balloon learner centres across the country? They are doing fantastic work in restoring the self-esteem of those damaged children, and getting them back into school, into further education, on to university or into employment. They need a bit of help.

**Ed Balls:** I had the opportunity two weeks ago to meet a group of young people from Norwich and Harrow who were being given chances to get back into school through the support of Red Balloon. Such decisions are made by local authorities, and I urge all local authorities to support Red Balloon and such new opportunities for children. I would love to meet the hon. Gentleman and a delegation again, so that I can hear further inspiring stories of young people getting back into education because of this important voluntary organisation.

## Northern Ireland

3.32 pm

**The Secretary of State for Northern Ireland (Mr. Shaun Woodward):** With permission, I would like to make a statement about the horrific attack last Saturday at Massereene Army base in Antrim.

The focus for that sickening crime was civilians and young soldiers of 38 Engineer Regiment, part of 19 Light Brigade. The House will know that Operation Banner—the deployment of troops in Northern Ireland—was brought to an end in July 2007. 38 Engineer Regiment is part of the Northern Ireland garrison. Those men and women are part of the new arrangements in which soldiers are based in Northern Ireland for deployment anywhere in the world. The arrangements are not about a garrison to replace Operation Banner.

Those soldiers were in the process of being deployed for active service in Afghanistan, to support international efforts to stabilise and bring peace to that region. At the time of the attack, most of their colleagues had already left for that deployment. A small number remained, awaiting their deployment to begin within hours. While waiting, a small number of soldiers decided to order food from Domino's Pizza in Antrim. At about 9.40 in the evening, the delivery arrived in two separate cars. The soldiers came out of the main gate of the barracks—the cars delivering the pizzas were parked less than 10 yd away—and as they did so, two masked gunmen opened fire. The initial volley of shots was followed by a second. The attackers were clearly intent on killing both the soldiers and the civilians. They continued firing even when the men were injured and when some had fallen to the ground. The firing lasted for more than 30 seconds. More than 60 shots were fired.

Neither the soldiers nor the civilians had a chance against that premeditated attempt at mass murder. Two of the soldiers were killed. The families were informed yesterday, and this morning the Ministry of Defence released their names. Sapper Patrick Azimkar and Sapper Mark Quinsey were held in the highest regard by everyone in their regiment. Patrick Azimkar was just 21. He was looking forward to facing the challenges of his first operational tour in southern Helmand. Mark Quinsey, who was 23, was equally looking to the operational challenges he would face in Afghanistan.

Two more soldiers were seriously injured. The attack on the civilians from the pizza company was just as barbaric. Both were injured, one extremely seriously. There can be no doubt that those responsible were intent on taking the lives of all these men.

I know that the House will want to join me in expressing our deepest condolences to the families of those who were murdered, and to send our sympathy to the injured and all the families who are also victims of this act of terrible violence, which has rightly been described as evil.

Immediately after the attack, fellow soldiers from 38 Engineer Regiment went to the aid of their friends. They tended the wounded and cared for the dying. I had the honour of meeting some of those young men and women immediately after the attack yesterday morning. This morning my right hon. Friend the Prime Minister flew to Northern Ireland, and with him I again met that group of outstanding young soldiers. Let me put on the record the admiration that we all have for those young men and women. They are the greatest credit to our country, and I know that I speak for the whole House in saying how proud of them we are.

It is now the job of the Police Service of Northern Ireland to conduct the investigation to bring those who murdered and injured these soldiers and civilians to justice. A major investigation is under way. This morning both the Prime Minister and I had further briefings from the Chief Constable, Sir Hugh Orde, from our intelligence advisers, and from Brigadier George Norton, commander of 38 (Irish) Brigade and the Northern Ireland garrison.

The House will wish to know that everything is being done that can be done. It is too early for me to report on the progress of the criminal investigation. However, I should tell the House that yesterday evening the so-called Real IRA claimed responsibility for this act of extreme barbarism. Whatever self-styled name these murderers choose to use, the House will correctly recognise them as barbaric criminals prepared to carry out an act of premeditated mass murder—callously murdering innocent people going about their daily business. They are simply brutal and cowardly killers. It is true that the number of people who make up these criminal groups is relatively low, but they are no less dangerous for their small numbers. We know that they have no community support whatsoever, but their guns are able to murder.

The police have asked for everyone in the community who has information to come forward, and they should do so as a matter of urgency. Anyone in the Antrim area or beyond on Saturday who may have seen anything suspicious, in the vicinity of Domino's or on the Randalstown road close to Massereene Barracks, should contact the police.

The House will want to know that all political leaders and political parties in Northern Ireland have condemned this evil act. They are united not only in their condemnation and in their expressions of condolence to the families, but in their demand that anyone who can help should come forward. They join in those expressions with my right hon. Friend the Prime Minister and all the party leaders in this House, and they join today in a statement from all the Churches in Northern Ireland condemning the violence and asking those who can help the police to come forward.

It is right for me also to record the expressions of support and sympathy that we immediately received from the Taoiseach and President McAleese, from the United States Secretary of State, Hillary Clinton, and from President Obama, who last night made his position very clear, condemning the attack in the strongest terms and making clear his support for the people of Northern Ireland—those people who have chosen a future of peace.

It may be helpful if I take this opportunity to provide the House with further information about the current levels of security threat in Northern Ireland. As the House will know, both the Chief Constable and I have made public our view that the level of threat posed by dissident republicans has recently been higher than at any time in the last six years. Since 2008 they have mounted 18 attacks, 15 last year and three so far this year.

The House will be aware that last week the Security Service raised the level of threat from Irish-related terrorism from substantial to severe in Northern Ireland.

*[Mr. Shaun Woodward]*

That was a carefully calibrated decision, based on an overall assessment of the last nine months. That period includes the attempted murder of police officers, including one savage attack on a police officer who had just dropped his child at school. Five bullets were put into the man's chest. There was some uncertainty last week about the wisdom of raising the threat level. I believe this was the right decision and entirely justified.

Policing in Northern Ireland enjoys the highest levels of confidence from the public. In my judgment, it is absolutely essential that the Chief Constable has operational independence. Of course, he is accountable to the Policing Board under the Patten arrangements. He will, if he sees fit, enjoy the same rights as any other chief constable in the UK to request further technical back-up, if so needed; that would be the case in, say, a chief constable dealing with a threat from al-Qaeda and any international terrorism. Indeed, we made that clear at the end of Operation Banner. In a statement to this House on 31 July 2007, the Minister of State for Defence, my right hon. Friend the Member for Coventry, North-East (Mr. Ainsworth), said that after 1 August the vast bulk of military support in Northern Ireland will be broadly comparable to the assistance that is currently provided in Great Britain, but tailored for the particular circumstances in Northern Ireland. He also made it clear that the provision of explosive ordnance disposal would continue; this was, of course, used to deal with the car bomb in Castlewellan in January of this year.

I hope that, whatever concerns may have been expressed by hon. Members last week—and it may be appropriate to comment on the serious distortions and misleading reports in some of the media at that time—hon. Members will now feel reassured about the role of any technical support being used to tackle the current threat. This is, as the Chief Constable has repeatedly said, not about the return of troops to the streets, but it is about protecting the public at a proportionate level, and about protecting those who provide that protection, such as police officers and those who work to protect the international community or on international theatre operations.

It has been 12 years since the last death of a soldier in Northern Ireland, and this has been a very dark few days for Northern Ireland, but it is a temporary darkness at the end of a tunnel of considerable light. The peace process and political progress, as part of shared power, have transformed Northern Ireland. The perpetrators of this attack believe they can stall the progress and, in stalling the progress, instil seeds of self-destruction in the politics of today. Indeed, they have clearly chosen to act in this evil way only because the politics of a shared future is working.

The determination and resolve of all political leaders in the face of this brutal act are working proof of a unity of purpose. We are all united in our resolve that these criminals will not succeed. Our confidence must be stronger, our resolve even greater; and while the House will understandably be sombre as a result of this murderous attack, the greatest memorial to Patrick Azimkar and Mark Quinsey and their families will be in our determination to unite behind the peace process and the political progress in Northern Ireland.

So let us make sure that those responsible for this attack are not given any opportunity to stall or prevent the progress of the people of Northern Ireland. Let us join together, and let this House send this afternoon an unequivocal message: the men of violence will not succeed; these criminals will not succeed—not now, not ever.

**Mr. Owen Paterson** (North Shropshire) (Con): I thank the Secretary of State for giving me advance sight of his statement and for his call yesterday. I also join him in sending our deepest sympathies to the families and friends of Sapper Patrick Azimkar and Sapper Mark Quinsey, and to those injured in this cowardly attack. The murdered men were about to travel to Afghanistan to serve their country and to support the Afghan people. The horrific events of this weekend bring into focus the bravery of all those who serve the armed forces, the PSNI and the security services. We should also thank the emergency services and medical staff. We are all indebted to them.

The Independent Monitoring Commission review confirmed our concerns about the dissident threat. We raised this again in the Chamber last Wednesday. This attack follows a succession of near misses on police, and the Chief Constable has been consistent, and increasingly public, about the severity of the threat posed by dissident republican groups. I would like to confirm our firm support for the operational independence of the Chief Constable. Like every other chief constable in the UK, he must have the right to enlist the help of specialists. Will the Secretary of State confirm that the decision of the Chief Constable to call in reconnaissance experts would not have been affected had criminal justice and policing been devolved?

The aim of these attacks was to try to disrupt normal policing, forcing police into barracks and armoured vehicles, and away from the public. Will the Secretary of State confirm that a balance must be struck between the need for the increased protection of officers and ensuring that police are visible and known to their communities? The Government raised the threat level from substantial to severe last week. Was the change due to specific intelligence that had been received, or was it a response to the general security situation? Were civilian guards briefed on the current threat level, and were individual establishments chased up to ensure that this was understood and that appropriate measures had been taken to take account of it? Given the understandable pursuit of normalisation, will he conduct an immediate review of the security arrangements at police stations and military installations? Has he had any discussions with the Defence Secretary about the consequences for defence installations in the rest of the UK?

The attackers showed a devastating ruthlessness in shooting their victims a second time on the ground. Does the Secretary of State believe that that cold brutality suggests that these were experienced terrorists? The crime scene will reveal valuable ballistic and forensic evidence. Experience from previous investigations shows that speed is of the essence, so will he confirm that these category A murders will receive top priority? Will he also confirm that the most competent and experienced officers will be in charge of the investigation?

I would like to confirm that we will support the Government's efforts to bring these ruthless murderers to justice. We believe that they have no support in the

wider community, and the support for the police investigation from all political parties is welcome. The key to defeating terrorism in Northern Ireland lies with all parts of the community. I endorse the Secretary of State's appeal yesterday for anyone with information on these criminal acts to come forward: even the smallest piece of information could be vital and might help to bring this investigation to a swift conclusion. We welcome the public statement by the Irish Justice Minister and the Garda Commissioner and their commitment to help.

Although huge progress has been made, Northern Ireland still has some way to go before normal security arrangements are appropriate. Thanks to the peace process, which was begun by the previous Government and continued by this one, Northern Ireland has been transformed. An unrepresentative minority of dissidents are determined to undo the good work of the past 15 years. It is incumbent on us all to respond to this shocking attack by going about our business normally, but with increased vigilance. The good work of recent years must continue—terrorism, in any form, must never succeed.

**Mr. Woodward:** The decisions of the Chief Constable to call in technical back-up support, to which the hon. Gentleman was referring, would, of course, not change under any arrangements in the future for devolution; those are decisions for the Chief Constable. On the balance to be struck between enabling the police to continue normal policing—again, I pay a huge tribute to the work of the PSNI, as it has ensured that it is, indeed, normal policing that takes place in Northern Ireland today—and addressing the huge risks taken by the men and women of the PSNI, I can confirm that the Chief Constable always has the interest and welfare of the PSNI at heart and I believe that the balance is very carefully struck. That is a matter for the Chief Constable, but I have full confidence in the decisions that he has made.

The hon. Gentleman asked whether there had been specific intelligence about the threat last Saturday evening and the connection of any such intelligence to the decision by the Security Service to raise the level of threat last week. The reasons for raising the threat level last week were a carefully considered calibration of the events of the past nine months and the fact that although it is a small number of people who self-style themselves as the Real IRA, there was, none the less, an indication that they were intent on perpetrating further violence and criminal acts. We did not have specific intelligence about a threat last Saturday evening at the base.

I am pleased to report to the House that of course the guards were briefed and that special arrangements were put in place at the base following the decision to raise the military threat level in Northern Ireland. Of course, the young men and all those serving there were spoken to and reminded of the change in the security threat level. As for the implications for other military barracks and police stations in Northern Ireland, of course the Chief Constable and Brigadier Norton separately undertake reviews as a matter of course. I am certain that in the light of the tragic events of Saturday evening further reviews will be conducted in the course of this week.

I hold regular conversations with the Defence Secretary on matters related to these issues and I am sure that uppermost in his mind will be the need to review the security arrangements for those people serving with the MOD, not only in the light of last Saturday but always. As for the investigation, it is too early for us to speculate as to who might have been responsible. On the subject of who is in charge of the investigation, I reassure the hon. Gentleman and this House that it is being personally overseen by the Chief Constable and those at the highest levels in the PSNI. I hope that sooner rather than later we will be able to bring these people to justice.

**Mr. Alistair Carmichael** (Orkney and Shetland) (LD): May I, too, thank the Secretary of State for advance sight of his statement today and for the briefing he provided yesterday? I associate myself and my right hon. and hon. Friends with the expressions of condolence expressed to the friends, families and comrades of Sapper Patrick Azimkar and Sapper Mark Quinsey, who were killed yesterday, and extend to those who were injured our very best wishes for their recovery. We also join the Secretary of State in his forthright and unambiguous condemnation of this senseless and barbaric act.

May I also echo the sentiments that have been expressed elsewhere by the right hon. Member for Belfast, East (Mr. Robinson) as First Minister and by Martin McGuinness as Deputy First Minister? In particular, they have called for all communities to co-operate fully with the police investigation. For Martin McGuinness in particular to be able to make a call of that sort is an indication of just how far we have come in this peace process as well as of how much we have to lose. The communities in Northern Ireland have been well served on this occasion by both the First Minister and the Deputy First Minister.

On behalf of my colleagues, I place on the record our admiration of and support for Sir Hugh Orde, the Chief Constable, and his officers in the PSNI. As has already been recognised, they have been the subject of a number of aborted attacks. I am reassured by the Secretary of State's comments about the availability of every resource for their investigation, and I think that in time this event might give us some pause for reflection on the correct level of support and resourcing for policing in Northern Ireland from hereon in.

Many will see this event as a threat, but I think we should see it not just as a threat but as an opportunity. It is an opportunity for the people of Northern Ireland to come together, as they did last night in Antrim, with a remarkable quiet dignity and determination, to show that nothing will turn this process backwards and that what we saw on Saturday night was not a glimpse of the future but a reflection of the past.

**Mr. Woodward:** I thank the hon. Gentleman for his support. It is extremely important that the House sends a united message today, and that support is extremely valuable. I thank him for it. On the issue of resources, my right hon. Friend the Prime Minister made it crystal clear in the briefing to Sir Hugh Orde this morning that Sir Hugh should be absolutely certain that every resource that he needs for the investigation will be made available.

**Mr. Peter Robinson** (Belfast, East) (DUP): May I, too, express to the Secretary of State and the Minister of State my appreciation for the help and support that they have given me in fulfilling my responsibilities in the past 48 hours? May I associate with my remarks my

*[Mr. Peter Robinson]*

hon. Friend the Member for South Antrim (Dr. McCrea), who, as the Secretary of State will know, regrettably cannot be here as he was admitted to hospital today? He was in the constituency, at the base, on Saturday evening and again on Sunday, when he accompanied me to the site. He was with the Secretary of State and the Prime Minister this morning, on his way to the hospital.

May I join with the Secretary of State in expressing our condolences to the families of the two brave young men who were slain at the Massereene base on Saturday evening? It is a very sorrowful and devastating time for those families, and our hearts and prayers go out to them. We express our sympathy for the families of the two other soldiers injured, and the two members of our local community also injured.

Does the Secretary of State welcome, as I do, the remarks made by all Unionist leaders—and indeed by representatives of the Ulster Political Research Group and the Progressive Unionist party who will be associated with the loyalist paramilitary associations—that the matter should be left entirely to the PSNI, that people should give their support to the police service, that due process is the way forward, and that all information that is available should be given to the police, so that they can apprehend those responsible?

Does the Secretary of State agree that there is no such thing as a mindless terrorist attack, and that every terrorist attack has a purpose? The purpose of this attack was to drive our community apart, to cause division and to drag us back to the bad old bloody days of the past. Those terrorists can never achieve that unless the people of Northern Ireland allow them to. Does he agree that there is a spirit in Northern Ireland characterised not by the evil we saw on Saturday, but by the good we saw on Sunday and since? People in Northern Ireland are saying together, loudly and clearly, "We're not going back."

**Mr. Woodward:** I thank the right hon. Gentleman for his support, and I wish to commend to the House the very strong leadership that he and the Deputy First Minister showed yesterday to the people of Northern Ireland. I also want to mention his support for the hon. Member for South Antrim (Dr. McCrea), whom the Prime Minister met this morning to discuss the barbaric events of Saturday evening. I absolutely agree with the right hon. Gentleman that there should be no cover provided by putting the event under the heading of a terrorist attack. It was a criminal attack of the most callous, brutal and evil kind, and I absolutely join him in recognising the contrast between the evil of Saturday night and the good shown by the public yesterday. One small example is that of a local Catholic church: the priest led the entire congregation out on to the street, near where the evil act was committed, and everybody in that Catholic church prayed for the souls of those who had died. There could be no greater distinction between what is good in people on the one hand, and the evil of Saturday night, and what is terrible, on the other.

**Mark Durkan** (Foyle) (SDLP): I join the Secretary of State in offering sincere condolences to the family of Patrick Azimkar and Mark Quinsey, their colleagues—those who travelled, and those who had to stay behind, both as witnesses and to offer support and comfort to the families. I also offer my sympathy to the injured soldiers and their families, and the injured civilians.

Does the Secretary of State recognise that on Saturday, the Real IRA attacked not just a British Army base but the chosen will of the Irish people, which was for a peaceful future and shared political institutions? Does he agree that, as all the parties in the Assembly seem to be saying today, the message needs to go out very strongly that it may cut down two young men on a Saturday night, but it will not bring down our political institutions, mandated by the people of Ireland, north and south?

It may gravely wound civilians, but it will not be allowed to injure the integrity of the new beginning to policing, which has been so central to delivering the degree and strength of condemnation and call for information that has been so apparent at this time. That has been on a level and to a degree not seen before, not even in the aftermath of the Omagh bombing.

Does the Secretary of State share the resolve of all the parties speaking today in the Assembly that we will allow no difficulty or difference that exists between us on any issue to be exploited by these vicious terrorists who, with their callous violence and their vicious language justifying it, want to bring us back? They may be steeped in the violence of the past, but they will not plunge the rest of us back there.

**Mr. Woodward:** I agree with every single word.

**Sir Patrick Cormack** (South Staffordshire) (Con): I am sure I speak for the whole of the Northern Ireland Affairs Committee in endorsing what the Secretary of State, the First Minister and the hon. Member for Foyle (Mark Durkan) have said.

Does the Secretary of State agree with me on two points? First, is it not crucial that every politician from whatever party who expresses support for Sir Hugh Orde, who so magnificently leads the PSNI, should accept that it is Sir Hugh's decision and his alone where he calls for assistance in trying to anticipate attacks and to find out who has committed these barbaric attacks? Secondly, does the Secretary of State agree that it is crucial that when those who have caused such brutal murder are brought to justice, they should not think that any future political move would ever shorten their sentence?

**Mr. Woodward:** Of course I agree with the hon. Gentleman's second question. In relation to the first, I endorse the fact that the Chief Constable must always enjoy operational independence.

**Mr. David Anderson** (Blaydon) (Lab): The clear message today is that the people of Northern Ireland will be the ones who will send the clearest message that they will never, ever let those people take them back to where those people want them to go. Will the Secretary of State join me in welcoming the decision by the Northern Ireland committee of the Irish trade union movement to call a series of peace rallies with other non-Government organisations for Wednesday lunch time, and wish them well in asking as many people as possible to support those rallies?

**Mr. Woodward:** I thank my hon. Friend for his remarks, and join him in wishing the peace rallies on Wednesday every success as a show of solidarity with those who were murdered and those who were injured.

**Rev. Ian Paisley** (North Antrim) (DUP): It has been said that great grief is not great at talking. We know that. There is a silence in the House today; there is a silence all over Northern Ireland today. There is grieving and despair, but behind the despair there is being born a unity that we have not seen before. I am sure that the Secretary of State will want to commend the people of Antrim from all denominations who showed that they were one in condemnation and one in unity, standing together by the forces of the Crown and the police to bring those who have committed these murders to the laws of this land and to make them obey the laws of our country.

I commend publicly here today the Roman Catholic priest of Antrim. He made one of the greatest speeches that I have ever heard from any of the cloth, and he set it down to everyone that he did not want in his parish anybody like the men who did that task. Those of us who know Northern Ireland know that it takes some strength to say those words in a place like Antrim, and I trust that we will see out of this something that we never expected we could see.

I share the sentiments that have been expressed in sorrow for those who have laid down their lives. We are coming up to St. Patrick's day. St. Patrick preached the gospel of Jesus Christ in Ireland. I was just thinking today that the only thing that these murderers have done is to desecrate the shamrock by trying to pour the blood of their innocent victims upon it. But it will not be: the truth of the gospel will prevail. I am glad of that, and I am glad that today the House has taken aboard what has been said by the Secretary of State. I am glad that the Prime Minister was able to be in Ulster and see and hear for himself what is happening. Good will come out of this evil, and we will see progress towards an absolute peace in our Province, rather than a retrograde step back to trouble and murder.

**Mr. Woodward:** The people of Antrim are indeed an example to us all. The right hon. Gentleman spoke of grieving, despair but also unity; perhaps he might add hope. Whatever evil may have occurred on Saturday evening, from that evil we are seeing people stronger and the institutions stronger, and very clearly resolved that they will not be damaged in any way by the acts of these barbaric few.

**Stephen Pound** (Ealing, North) (Lab): I hope that I may be allowed to say—on behalf, I am sure, of everybody in the Chamber and many people without it—how deeply impressive I found the statements made by the right hon. Member for Belfast, East (Mr. Robinson) and my hon. Friend the Member for Foyle (Mark Durkan). I also congratulate the Secretary of State and the Prime Minister on their rapid response, which was both right and, above all, respectful.

May I draw the Secretary of State's attention to the remarks made by the hon. Member for Belfast, West (Mr. Adams) a few hours after the appalling incident on Saturday night? He said:

"The popular will is for peaceful and democratic change."

I ask my right hon. Friend to give the House the assurance that it seeks: that there is no threat to that popular will.

**Mr. Woodward:** I thank my hon. Friend for his remarks and I totally enjoin myself to what he said. I entirely endorse his view that we will not allow this, in any shape or form, to be any kind of challenge to the popular will of the people of Northern Ireland. We will only do even more to ensure that democracy succeeds in Northern Ireland.

**Mr. David Curry** (Skipton and Ripon) (Con): Until last year, 38 Engineer was based in Ripon in my constituency and had been for many years. Does the Secretary of State appreciate the deep pride of the citizens of the second oldest city of England in the bravery of its soldiers, demonstrated notably in Afghanistan and Iraq? If any soldiers can be described as peacemakers, the Engineers must certainly qualify for the description. Would not the greatest tribute to the two soldiers, who expected to face death in Afghanistan but in fact found it on the streets of the United Kingdom, be for everybody to seek to bring to justice the people who have carried out this murder and to demonstrate, above all, that what those people did will not make the blindest bit of difference to the peace process in Northern Ireland?

**Mr. Woodward:** I entirely agree with the right hon. Gentleman. I extend my sympathy to him and his constituents, who will feel particularly wounded by the events of Saturday evening.

**John Robertson** (Glasgow, North-West) (Lab): I associate myself with the condolences that everybody has offered today; there have been many fine condolences. Little did I know when I asked my question at Northern Ireland questions that something such as this was about to happen. My right hon. Friend will be pleased, as I know other Members of the House are, that the Prime Minister's measured response today has been well received.

I am a Member of Parliament for the city of Glasgow, and we have more than a close relationship with all sides of the divide in Northern Ireland. I am sure that the people of Glasgow will send their condolences as well. Will my right hon. Friend make sure that there are plenty of resources for the police, that they get any help that they need to make sure that the parasites who did this are taken to justice, and that the courts do everything to make sure that those people never again walk the streets of Northern Ireland?

**Mr. Woodward:** I can give that undertaking, as well as the reassurance that my hon. Friend the Minister, who is responsible for security in Northern Ireland and to whom I would like to pay tribute for working so tirelessly throughout the weekend, will ensure that those resources are there when they are needed.

**Mr. Andrew Mackay** (Bracknell) (Con): While noting that the reaction in Northern Ireland over the past 36 hours and reaction here today at Westminster makes it absolutely clear that the objectives of these callous murderers have totally failed and that the peace process will continue, I ask the Secretary of State to clarify one

*[Mr. Andrew Mackay]*

very small point. He referred several times to the "self-styled" Real IRA. Is he implying that this is not the same Real IRA that committed the awful atrocities at Omagh and elsewhere?

**Mr. Woodward:** I thank the right hon. Gentleman for his comments. The reason why I refer to it as the self-styled Real IRA is that it chooses another name. Of course, they may well be the same group of individuals responsible for the barbaric act in Omagh, but I say "self-styled" because we should be under no illusion: these are barbaric criminals.

**Mr. Jeffrey M. Donaldson** (Lagan Valley) (DUP): The Secretary of State will be aware that the young soldiers based at Massereene were part of the international security assistance force destined for Afghanistan. My right hon. Friend the Member for Belfast, East (Mr. Robinson) and I had the privilege of meeting some of those young men and women in Afghanistan last year. They are working for peace and democracy in Afghanistan, but the Real IRA—so-called—is on the same side as the Taliban and al-Qaeda; it trades in terror and in violence. As we approach St. Patrick's day, with a focus on that in the United States, we should be driving that message home to the Americans. A tiny number of Americans still support these organisations, and they need to understand what they are supporting.

Members of the Northern Ireland security guard service, which is responsible for guarding military bases in Northern Ireland, are concerned about a review of that service that has been undertaken. They are concerned for their own safety, and they want to have proper equipment. Will the Secretary of State speak with his right hon. Friend the Secretary of State for Defence to ensure that the service is well equipped and has the resources that it needs to improve security at military bases so that this kind of attack can be prevented in future?

**Mr. Woodward:** I know that the right hon. Gentleman takes a very close interest in security matters in Northern Ireland. I wish to reassure him that we will ensure that everybody engaged in protecting the public in Northern Ireland has the equipment that they need. However, it may be appropriate for me to say that, in relation to the attack on Saturday night, there is no suggestion that had the equipment been any different it would have made any difference whatsoever. Those who were determined to murder on Saturday night came there to murder—to execute—the people at the Army base, and they drew no distinction between off-duty soldiers and civilians, as we know from the attacks on those who were delivering the pizzas.

I immediately had contact with the United States on Saturday evening. We immediately saw expressions of support from Senator Clinton and from President Obama, and from the Senate and Congress. Indeed, I refer the right hon. Gentleman to the statement by Congressman Richie Neal, which is a very fine statement of condemnation that precisely records the fact that across America this is felt to be an evil act.

**Several hon. Members** *rose—*

**Mr. Speaker:** Order.

## Banking (Asset Protection Scheme)

4.14 pm

**The Financial Secretary to the Treasury (Mr. Stephen Timms):** With permission, I shall make a statement on the asset protection scheme, and the agreement in principle reached on Saturday between the Treasury and Lloyds Banking Group. My right hon. Friend the Chancellor is travelling to Brussels ahead of the meeting of European Community Finance Ministers tomorrow to discuss the G20 Finance Ministers meeting this weekend, so he has asked me to make this statement.

The asset protection scheme was announced in January. In my right hon. Friend's statement of 26 February, he gave details of the participation by the RBS Group, and he mentioned the negotiations under way with Lloyds. The approach that we adopted with Lloyds is similar to that adopted with RBS; discussion involved a large amount of complex detail and it was important to take time to reach a satisfactory conclusion. An agreement in principle has now been reached that helps to ensure financial stability, to safeguard the interests of the taxpayer and to support the real economy by increasing lending.

Under the asset protection scheme, the Government will provide protection against certain credit losses on particular assets in exchange for a fee. A first loss, similar to the excess in insurance policies, remains with the institution. Lloyds will meet all of that. The protection provided by the Government will cover 90 per cent. of the remaining loss. The other 10 per cent. will remain with the institutions as an incentive to manage the assets prudently. The Government will accept applications to the scheme for other eligible institutions until 31 March.

Lloyds announced on Saturday its intention to place £260 billion-worth of assets in the scheme, on which it has already taken impairments of £10 billion. Through the first loss mechanism, it will retain a further exposure of £25 billion. Of any losses beyond that, 90 per cent. will be borne by the Exchequer and 10 per cent. by Lloyds. The protection will cover a range of assets including mortgages, unsecured personal loans, corporate and commercial loans and Treasury assets.

Lloyds will pay a fee of £15.6 billion in new, non-voting B shares. Those will count as core tier 1 capital. The Treasury has also agreed to replace its existing £4 billion of preference shares. Current shareholders will be able to purchase these ordinary shares as part of an open offer. The Treasury will take up its pro rata share of the open offers, maintaining its minimum voting share at 43.5 per cent., and will subscribe for any additional shares not taken up by existing shareholders. If no other shareholders take up their entitlements, the Treasury's ownership of ordinary shares will increase to 65 per cent. Taking into account B shares paid as a fee, its economic ownership would reach 77 per cent.

As my right hon. Friend the Chancellor set out, the asset protection scheme is a key step to put banks on a stronger footing, to insure their balance sheets and to boost lending to businesses and individuals. As part of that deal, in return for access to the asset protection scheme, Lloyds has agreed to increase its lending by an additional £14 billion over the next 12 months —£3 billion for homebuyers and £11 billion for business lending—and it has made a similar commitment for 2010. Consistent with RBS, Lloyds will be required to present a detailed implementation plan to the Government, and to report monthly on compliance with the lending agreements. The Government will publish an annual report on these arrangements, which will be made available to Parliament. The agreements are binding and will be reflected in the performance-related pay of bank staff involved.

Another condition for Lloyds, as for any bank participating in the scheme, is a requirement to develop a sustainable long-term remuneration policy. That means reviewing policies and implementing new policies consistent with the Financial Services Authority's recently published code of remuneration practice. We have agreed that no discretionary bonuses will be paid in 2009 except to junior staff earning an average of £20,000, and that there will be no annual free share award at all.

At the heart of the current financial and economic problems around the world is a crisis of confidence about bank assets. That lack of confidence is having profound effects on UK companies and on individuals who are not able to secure business loans or mortgages. The critical obstacle to expanding lending is uncertainty about the value of banks' balance sheets, so we are acting now to enable the banks to clean up their balance sheets, making them better able to lend to individuals and businesses.

Transformation will not happen overnight, but that is the essential starting point, and it must go hand in hand with broader reform of banking supervision and regulation. Action must be taken not only here but by Governments across the world. The alternative would be a failure of the banking system here and elsewhere, which would make the recession longer and more painful and put more jobs at risk. Getting the banks to lend again is essential to economic recovery and to our fight against the global recession.

The Government are clear that British banks are best owned and managed commercially, rather than by the Government. The future of the UK as a financial centre, and the future of our economy and of many thousands of jobs, depends on being able to run banks commercially. All countries are having to deal with the same problem—how to isolate assets that are damaging confidence in the banking sector and preventing banks from lending more. Over the coming weeks, we will continue to discuss with other countries, including the United States and the European Union, how best to co-ordinate our approaches to the shared challenges that we face. As part of our presidency of the G20 this year, my right hon. Friend the Chancellor recently wrote to Finance Ministers setting out a set of shared principles for dealing with asset protection and insurance.

It is essential to restore confidence in the banks, allow them to clean up and rebuild and get lending going again. Economic recovery and thousands of jobs depend on that, and I commend this statement to the House.

**Mr. Philip Hammond** (Runnymede and Weybridge) (Con): I thank the right hon. Gentleman for his statement and for his courtesy in allowing me to see a copy of it in advance.

The right hon. Gentleman explained to the House that the Chancellor is travelling to Brussels for a meeting tomorrow, but I think that the House will none the less

*[Mr. Philip Hammond]*

be disappointed that we have apparently reached the point where the assumption by the taxpayer of an additional £250 billion-worth of contingent liabilities is not considered a sufficient reason to reschedule one's travel arrangements. There will also be disappointment that a Treasury Minister is before the House for the first time since the momentous decision last Thursday to begin quantitative easing, and has not taken the opportunity to update the House on that decision and its far-reaching implications for Britain.

This massive second round of banking bail-outs is proof that the Prime Minister's first bail-out last October failed. The test of it will be whether credit actually begins to flow through our economy again, not what promises of more lending the Government say they have secured. The £14 billion of lending commitments that the Government claim to have extracted from Lloyds Banking Group is less than half of the total taxpayer investment in Lloyds, and less than 5 per cent. of the total taxpayer exposure to Lloyds HBOS. Will the Financial Secretary confirm that the additional promised lending will be subject to the group's prevailing commercial terms and conditions, including on pricing and risk assessment, and, in relation to mortgage lending, that it will be subject to the group's standard credit and other acceptance criteria? If that is the case, is not this pledge just more simple rhetoric?

It is now clear that the merger of Lloyds and HBOS was a bad deal, put together without full and proper understanding of the state of the HBOS book, certainly on the part of Lloyds and possibly on the part of the Government. Until last October, Lloyds had stood aloof from the chaos engulfing the banking sector, as a sound, somewhat old-fashioned bank with a reputation for caution that attracted small investors and drove to distraction those in the City who preferred riskier plays. In the space of a few weeks, that sound, solid bank, which would have been quite capable of prospering without the support of the taxpayer, has been transformed into a banking behemoth that is incapable of surviving without these huge infusions of taxpayer funding. I ask the Financial Secretary whether the Government really believe that the creation of this crippled giant at the heart of our banking system is the best outcome if the objective is to maximise the flow of credit from the banks to Britain's recession-hit businesses and households.

Back in October we were told that the merger was a commercial deal put together by the managements of the two banks, and that all that the Government were doing was removing the competition barriers that would have prevented it from going ahead. However, there were persistent stories at the time, promoted by those close to the Prime Minister, that in fact the Prime Minister had brokered the deal and driven it through to completion.

Now that the taxpayers' total exposure to Lloyds HBOS is approaching £300 billion, will the Financial Secretary explain why neither the Government nor the Prime Minister realised at the time that, far from rescuing HBOS, the merger would drag Lloyds down the path of taxpayer bail-out and part nationalisation? Is the Financial Secretary sure that, of all the options available to them, the route that the Government have chosen—insuring assets within the banks—is the best way to get credit flowing at the minimum long-term cost to the taxpayer? Can he look the House in the eye and tell it that the guarantee option has been chosen on the basis of the economics and long-term best value for money for the taxpayer, not simply because, alone among the alternatives, it keeps the cost to the taxpayer off the balance sheet and out of sight until the losses crystallise?

The Prime Minister's mantra is that the crisis was made in America and blew in on the wind to afflict a blameless Britain. He paints a picture of toxic assets, which comprise US sub-prime mortgages, complex derivatives and impenetrable credit default obligations. However, will the Financial Secretary confirm that more than a quarter of the toxic assets that the Government are guaranteeing in the deal are plain, old-fashioned UK mortgages, lent by HBOS in a bout of over-exuberance, which testifies to the failure of the Prime Minister's tripartite regulatory system? In effect, is the taxpayer not taking a £75 billion bet on future house prices not falling by more than 10 per cent. from 31 December 2008? Perhaps the Financial Secretary has not noticed that they have already fallen by 3.3 per cent. in the first two months of the year. I do not know of a single commentator who does not believe that they have further to go.

Let me consider fees. The Financial Secretary set out in his statement, and Lloyds set out in its statement to the stock exchange, the fees payable by Lloyds Banking Group to the Treasury. However, the end of the Lloyds announcement refers to "certain interim arrangements", agreed between the Treasury and Lloyds and relating to the management of the assets in question. I imagine that the right hon. Gentleman knows that, in the deal between the Dutch Government and ING, as well as the fee payable by the bank to the Government for the guarantee, a fee is also payable by the Government to the bank for managing and financing the assets that the guarantee covers to maturity. Will he give hon. Members a categorical assurance today that no fees whatsoever are payable under the deal by the Treasury to Lloyds Banking Group? Will he confirm that the ban on cash bonuses that he announced for this year will extend to future years? Will he adopt, at least for Lloyds Banking Group, our policy of a £2,000 permanent limit on cash bonuses? Will he also tell the House what steps the Government have agreed, as part of the deal, about executive and director pensions in Lloyds Banking Group?

For the size of the British economy, we have committed more than any other country to bailing out our banks—approximately £1.2 trillion—and we have precious little to show for it so far. The first banking bail-outs failed to get lending flowing again, requiring taxpayers to stump up hundreds of billions of pounds in further guarantees and capitalisations. The temporary VAT cut has failed to stimulate consumer spending and the stamp duty holiday has failed to stop house prices nosediving. The Government have made a plethora of announcements of support for business and home owners, many of which have been shown up as hollow rhetoric, with most schemes not yet operational and none delivering measurable assistance to the front line.

Hard-pressed businesses, families and home owners throughout the country have had enough of the rhetoric, the endless announcements and the activity for activity's sake. They want normal credit conditions to be restored—that will be the test of today's announcement, and the

very least that taxpayers should expect in exchange for the £1,200 billion that the Government have pledged on their behalf to the banking system.

**Mr. Timms:** I can agree with the hon. Gentleman's final comment, but there is not much else with which I can agree. To fix the economy we have to fix the banks first. As with previous measures, capital support for banks is an investment and it will eventually be sold for the benefit of taxpayers. With the insurance scheme, the eventual cost to the taxpayer over the lifetime of the scheme will depend on economic conditions and how assets are managed.

However, the key is ending the uncertainty that has been holding Lloyds back from lending and enabling it to make a significant additional commitment on lending, which is certainly not rhetoric, as the hon. Gentleman suggested, but an additional £14 billion on top of what was planned for this year, with a similar sum envisaged for next year. I can confirm that that lending will be subject to the bank's normal commercial considerations, but that lending will be made. It will be reported regularly to the Government and we shall report regularly to the House, as I said in my statement.

The hon. Gentleman made some comments about the merger between Lloyds TSB and HBOS. The priorities that we were concerned about were stability in the financial sector and, in particular, avoiding a catastrophic failure on the part of HBOS. Lloyds and HBOS had been talking for some time and they asked the Government whether it was possible to modify the competition rules to allow the merger to go ahead. Like others, we concluded that that was the right thing to do. The hon. Gentleman suggested that it was not the right thing to do, but he might wish to have a word about that with the shadow Chancellor, who said on "Newsnight" on 17 September, "I spoke to both of the chief executives today of the two institutions and made it clear the Conservatives support what they're trying to put together". The shadow Chancellor's view is therefore somewhat different from the one that the shadow Chief Secretary has put to the House this afternoon.

The boards of both banks recommended acceptance of the agreement to their shareholders and both sets of shareholders agreed. Lloyds shareholders voted on 19 November, with more than 95 per cent. of them in favour of the merger, and HBOS shareholders voted on 12 December. There was therefore broad agreement on what was done.

Of the assets that are covered by the announcement today, rather more than 80 per cent. come from HBOS, which was largely active in the UK, but also, to an extent, in Ireland and, to a smaller extent still, in some other territories. I can confirm to the hon. Gentleman that there are no fees payable to the Treasury as part of the package announced today. The costs of setting up the scheme will be charged to the participating institutions.

Finally, the hon. Gentleman is quite wrong about the VAT cut, because there is growing evidence of its effectiveness in stimulating the economy. Let me draw his attention to information published by Goldman Sachs just over a week or two ago. As others have pointed out, the effectiveness of the VAT reduction as a stimulus to the economy will grow over the course of this year, leading up to the rise back up to a rate of 17.5 per cent. on 31 December.

**Dr. Vincent Cable** (Twickenham) (LD): There would once have been a time when a Government commitment of £260 billion of taxpayers' money, which is just under a quarter of gross domestic product, would have merited the attention of the Prime Minister, let alone the Chancellor. It is no disrespect to the Minister, who is generally regarded as very decent and very capable, to say that on this occasion not only are we denied the attentions of the organ grinder, but we are not sent the monkey either, only the monkey's second assistant.

I agreed with most of the questions that the hon. Member for Runnymede and Weybridge (Mr. Hammond) asked; most of his points were well made and valid. Like the Minister, however, I am a bit puzzled. The hon. Member for Runnymede and Weybridge—and, indeed, all of us—had five weeks in which to do due diligence on this merger, and to think about its implications. When the matter was put to a vote in the House, he and his colleagues voted with the Government in favour of it, leaving us to vote against it.

Let me get to the core of the statement and the Lloyds HBOS proposal. Will the Minister confirm that this is now a nationalised bank that is publicly owned and controlled? Will he also repudiate the comments of the chief executive, Mr. Daniels, who described the taxpayer—the majority owner of the bank—as

"just another name on the share register"?

How can the Government have retained as chief executive someone who treats the taxpayer with such total contempt?

When will the Government at last put their own Government directors on to the board to ensure that the bank acts in the national interest, particularly in relation to lending? The Conservative spokesman quite rightly referred to the ambiguities of the bank's lending policy, but is it not the case that Lloyds entered into a lending agreement last October, which has not been observed? Why should we have any more confidence in this one, unless the bank is properly directed?

I want to ask the Minister about tax avoidance. Quite apart from HBOS, Lloyds is known to have undertaken large-scale tax avoidance. Will this stop, now that the bank is fully publicly owned? Mr. Daniels has been described as enjoying a £25,000 tax planning allowance from his bank, to help him to avoid paying UK taxes. Will this continue under public ownership?

As far as payments are concerned, we have had the scandal of Sir Fred Goodwin. Are we going to have a similar problem with Sir James Crosby and with Mr. Cummings, whose property dealings brought down HBOS and who I believe is entitled to a £6 million bonus? Are those arrangements going to be preserved? So that we can have clarity about who is being paid what, may we have an assurance that, if very highly paid executives in this bank and elsewhere are paid large amounts—let us say, more than the Prime Minister—those emoluments will be made fully transparent? I believe that Lloyds is today refusing to divulge the payments that are made to its senior executives. Why cannot those figures be put fully into the open?

On bonuses, I would go even further than the Conservative spokesman. I do not see any justification for paying bonuses. This is a bank that has made large losses. Why should the taxpayer pay those bonuses? It is all very well to appeal for sympathy for the relatively low-paid staff, but how would people react if it was

*[Dr. Vincent Cable]*

announced that every public sector worker was to be paid a £1,000 bonus, in the present state of the public finances? There is no justification for such payments, certainly at the top end, or altogether.

My final question relates to the document, "Evidence to the Office of Fair Trading on the proposed Lloyds TSB and HBOS merger". The private shareholders are rightly outraged about the way in which they have been treated, and they are rightly calling for the head of Sir Victor Blank. They want to know why the documentation lying behind this Treasury paper is not being made publicly available. It states that, in September, the Government considered a range of alternatives. Will they publish those alternatives, and the reasons why they rejected them? As the paper is so heavily redacted, will they also publish the full version, so that we can be sure that nothing is being hidden from the public and the House?

**Mr. Timms:** I am grateful to the hon. Gentleman for his description of me as "decent and capable". I regard him as decent and capable as well, but I ought perhaps to remind him of what he said about HBOS and Lloyds on 6 October. Referring to the Chancellor, he said that

"we have no quarrel with what he did in relation to Bradford & Bingley and HBOS-Lloyds—that seemed to be the right approach."—[*Official Report*, 6 October 2008; Vol. 480, c. 27.]

Perhaps he needs to be a little more cautious before he attempts to rewrite history.

The hon. Gentleman asked some questions about the board, and I can tell him that Mr. Tim Ryan and Mr. Tony Watson have been appointed to the Lloyds board, with Government agreement. That arrangement is in place for two directors now, and that opportunity has been taken up. The hon. Gentleman talked about agreements that were reached as part of the arrangements that were made before Christmas—the announcements that were made at the beginning of October—and the lending commitments. Actually, bank lending on the part of the UK banks involved has, indeed, risen but as the hon. Gentleman knows, the great problem we faced was the withdrawal of non-UK banks from the UK market, leaving a gap of perhaps some £100 billion of lending capacity. The £14 billion that Lloyds announced on Saturday is a valuable step towards making up some of that shortfall.

On tax avoidance, let me reassure the hon. Gentleman that we will continue to take a very assertive approach to it, wherever it occurs and whoever is responsible for it. Her Majesty's Revenue and Customs will continue to be very robust and I can also say that the G20 leaders will boost the role of global co-operation to address tax avoidance at the London summit on 2 April. The Prime Minister spoke about it last week in the US. The key is transparency and exchange of information; we are confident that we can make substantial progress on that when the leaders meet at the beginning of next month.

On the question of bonuses, I do not agree with the hon. Gentleman that, as a result of these arrangements, relatively modestly paid staff who have done a perfectly good job should be prevented from receiving the rewards that they were entitled to expect. What we most certainly have put in place is the assurance that there will be no rewards for failure. The Financial Services Authority has published good practice guidelines for bank remuneration and the arrangements that Lloyds is putting in place are consistent with those guidelines: no reward for failure, minimum payments only in 2009 and the rest deferred, nothing in cash and all subject to clawback if good standards of success are not achieved. We are tying rewards to long-term sustainable success, which is the right approach.

On the chief executive's pay and pension, I believe that they are publicly announced; certainly the chief executive's pension pot was in the most recent Lloyds TSB annual report, so the hon. Gentleman can find the details there. As to the documentation, only commercially sensitive information has been redacted—as, of course, it must be. The arrangements announced on Saturday are an important and valuable step towards bringing back into the UK economy lending capacity that has been lost, rebuilding the economic momentum that we all want to see.

**Sir Stuart Bell** (Middlesbrough) (Lab): May I thank my right hon. Friend for reiterating the position on bonuses? May I tell him that a number of junior staff in my constituency have been exercised that the bonus that is part of their salary might be impaired by the present arrangements whereas in other banks, not in this particular bank, those on higher salaries have been rewarded for poor performance? May I ask him to look again more liberally at the bonus for those on an average salary of £20,000 to which he referred, as there are many in my constituency and elsewhere who actually receive less than that amount?

**Mr. Timms:** My hon. Friend is, of course, absolutely right that there are plenty of staff in Lloyds on £17,000 salaries or less. I understand that the average bonus of which we are speaking amounts to less than £1,000. I think it is absolutely right that much more senior staff forgo their bonuses—and they have done—but when it comes to the sort of staff my hon. Friend speaks about, I completely agree with him.

**Mr. Hugo Swire** (East Devon) (Con): The Financial Secretary said in his statement that £11 billion-worth of loans to small businesses would be provided. Given that we are now the majority shareholder in this bank, can he reassure us that those loans will be genuinely new loans for new businesses and will not be used by the bank to service existing contractual loans?

**Mr. Timms:** I can reassure the hon. Gentleman that the £11 billion of business lending will be additional to what was being planned by Lloyds in the course of this year.

**Ms Sally Keeble** (Northampton, North) (Lab): My right hon. Friend referred to the fact that the bank would be making monthly reports to the Government in compliance with the lending agreements. Will he make at least the headline figures in those reports available to the House so that we and the public can see that the bank is complying fully with the increased lending agreements? Probably what the public most want to see is the banks resuming lending and the money going into the economy.

**Mr. Timms:** My hon. Friend is absolutely right to highlight the importance of that. We will be reporting annually on the delivery of the lending commitments—we are not proposing to publish information every month, but we will do so annually. We also committed during the passage of the Banking Bill to report every six months on financial commitments we have entered into relative to the financial crisis, and we shall of course report to Parliament on contingent liabilities in the usual way.

**Mr. John Redwood** (Wokingham) (Con): Is not the truth that the taxpayer is not just being asked to stand behind £585 billion of especially toxic assets in the two big banks, but in practice is standing behind £3 trillion of assets and liabilities in the two banks? There is presumably no circumstance in which the Government would bring down one of those banks now they have bought a majority shareholding in it, so will the Minister come clean and say how the taxpayer can be expected to take a £50,000 risk for every man, woman and child and how much money the Government will lose on the scheme before they realise what a disaster it is? What does the business plan say about the losses at Lloyds in 2009?

**Mr. Timms:** Of course, there is some uncertainty about what the arrangement will cost over time. The uncertainty is the reason why the arrangement is necessary, because that is what has been preventing Lloyds from lending until now. However, not wholly dissimilar arrangements have been in place in Sweden and Japan and, more recently, in the Netherlands and the US, and experience shows that the ultimate price is a small proportion of the value of the assets insured. The insured figure for Lloyds is £260 billion; the cost to the taxpayer, however, will be a great deal less. We do not know exactly what the figure will ultimately work out to be, but the cost of doing nothing would be very significantly more because of the loss to the economy of momentum and lending capacity. We need that capacity in the economy to navigate a way out of the recession—the downturn—we are in at the moment.

**Mr. James Plaskitt** (Warwick and Leamington) (Lab): The asset protection scheme is clearly playing a vital role in helping to resolve the problems in the banking sector, but as my right hon. Friend says, it is just a start. Can he say more about the process whereby the assets that now secure that protection first receive a robust valuation and then leave the underwriting and return to the bank?

**Mr. Timms:** Yes, a good deal more work has to be done before the final details are absolutely pinned down and signed off. I envisage all that work being done between now and the summer. Of course, there is no immediate payment to be made; there will be a payment only when, for example, there is a default on a loan and the insurance is triggered. A great deal of detailed work needs to be done over the next few months, but the shape of the package is clear. We have a list of assets that are covered, although that may change a little over the next few months, but the benefit in terms of additional lending will start immediately.

**Mr. Andrew Tyrie** (Chichester) (Con): Whatever the intentions of the Prime Minister, will the Financial Secretary accept that the effect of his intervention to railroad through the deal has been not to save a poor bank but to destroy a strong one? What message does the Financial Secretary have for the tens of thousands of small Lloyds shareholders who have now seen their shareholdings wiped out?

**Mr. Timms:** The hon. Gentleman is quite wrong to characterise what happened between Lloyds and HBOS in that way. As I have already pointed out to the House, the shadow Chancellor strongly supported the arrangement at the time, and indeed spoke to the chief executives of both banks to reassure them that he supported their merger. In addition, when Lloyds shareholders voted on 19 November, more than 95 per cent. of them voted in favour of the merger. That does not look like railroading to me.

**Mr. Dennis Skinner** (Bolsover) (Lab): Is it not worth while to make the point that we should use the right language in relation to saving the banks? In reality, this step, and subsequent steps, had to be taken because more than 70 per cent. of voters have bank accounts. We had to save one bank in particular, and then others, because if one had been allowed to fail, there would have been a domino effect, with them all failing. That is why all parties agreed on the rescue at the beginning—they knew that their voters would not want to see a bank finish up in the gutter. We should use that language, and not give the impression that somehow we are saving bankers, bonuses and all the rest. While I am on the subject, in the absence of full-scale nationalisation, when thinking about future legislation, has my right hon. Friend looked at the idea that I put forward the other week—to pay Fred Goodwin and all the top executives' bonuses out of the toxic debt, so that they would then get nowt?

**Mr. Timms:** My hon. Friend is absolutely right to point out that we all depend on the banking system—businesses, people with mortgages and savers. It was absolutely clear from the start that we needed to save the banking system from the collapse that was on the cards at the beginning of October. As a result of our measures, as he rightly points out, no saver in a UK bank has lost a penny. We are absolutely determined that that should continue to be the case.

**Justine Greening** (Putney) (Con): When can the House expect a statement on the quantitative easing policy that is now being pursued by the Bank of England?

**Mr. Timms:** I refer the hon. Lady to what the Bank of England said last week: monetary policy is a matter for the Monetary Policy Committee of the Bank of England.

**Mark Durkan** (Foyle) (SDLP): Does the £11 billion figure for business lending include private finance initiative lending, which will be repaid by the taxpayer in the long term anyway? Do the Government have any tests for approving the detailed implementation plan? Who do the monthly compliance reports go to, and how will they know the truth of what they are being told? Will Parliament get the annual report only, whenever it comes? Should we not have oversight that matches the scale of the underwrite?

**Mr. Timms:** My hon. Friend is right, and that is why we will scrutinise very closely, through United Kingdom Financial Investments, what happens over the next few

*[Mr. Timms]*

months. I would not envisage excluding PFI advances from the £11 billion figure. We will monitor closely and actively what happens over the next few months, because it is vital that the commitments that have been made are delivered, and they will be.

**Sir George Young** (North-West Hampshire) (Con): Further to the Financial Secretary's reply to the hon. Member for Foyle (Mark Durkan), he has consistently referred to Lloyds' agreement to increase lending by an additional £14 billion and has said that that agreement is binding. Can he tell the House what sanctions are available to the Government if Lloyds does not so increase lending?

**Mr. Timms:** Ultimately, it would be possible for the Government to withdraw access to the scheme. That will not arise. The lending will be delivered.

**Andrew Mackinlay** (Thurrock) (Lab): I would like to put it to the Financial Secretary that some of us feel that we are involved in the banking and financial equivalent of mission creep. His statement relates to the Lloyds settlement, but since the Chancellor last made a statement on the RBS, a contingent liability report has been placed on the Table of the House. Why will the Government not publish all the details of the announcement today and of the RBS ongoing negotiations, which have not been concluded, instead of producing only two copies—one, technically, on the Table, and one in the Library—of such key and critical decisions? I confess that, like many other Members, I find it difficult to comprehend the scale, let alone the details, of what I am signing up to and, through my silence, acquiescing to. We need full disclosure. We need Command Papers that are numbered and printed, rather than just those two copies that have been supplied to the House.

This is a failure, and it is time for it to be addressed. We need proper, full disclosure to the House, proper debate, and a vote subject to the affirmative procedure if necessary.

**Mr. Timms:** My hon. Friend is right about the size of the numbers with which we are dealing. As I have said, we will continue to report on contingent liabilities as we are always required to. As for RBS, there is—as I made clear in the context of Lloyds—continuing work to be done before the final details are signed off.

I repeat that we will report to the House regularly. If my hon. Friend feels that there is some lack in that regard, I shall be happy to look into it, but we have no intention of withholding from the House the information that it needs in order to exercise its oversight.

**Julia Goldsworthy** (Falmouth and Camborne) (LD): In his statement and in his subsequent answers, the Minister reiterated that the Government would report only annually on the extent to which banks had complied with their lending agreements. Given that the situation is changing all the time, given the desperate need for businesses and individuals to receive that money now, and given the lack of clarity on the extent to which previous agreements have been upheld, do we not need to know more often than annually that the position may again have entirely changed?

**Mr. Timms:** As I said earlier, we shall be receiving more regular information, and it will be possible for us to update the House from time to time. I agree with the hon. Lady about the essential nature of the commitments to lend more, but I can assure her that they will be delivered, and we shall be happy to keep the House updated on progress.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): A moment or two ago, the Financial Secretary said that the Treasury would take robust action against tax avoidance in Lloyds and elsewhere. During the most recent Treasury questions, when the nation did not quite own Lloyds—it does now—I pointed out that Lloyds had been not only promoting but personally utilising complex and dubious tax avoidance schemes, including double dipping. Does the Financial Secretary agree that allowing such schemes to continue when the bank is publicly owned would be the equivalent of not just biting the hand that feeds you, but biting it off somewhere above the elbow?

**Mr. Timms:** I do not think that anyone should be allowed to continue double dipping or any of the other avoidance bad practices that we have seen. As I have said, tax evasion and avoidance will be on the agenda when the G20 Finance Ministers meet on Saturday, and when the G20 leaders meet on 2 April. There is widespread support across the G20 for the countries to do more together. We require international co-operation in order to be effective, and I am confident that the G20 will allow us to make a good deal of progress.

**Mr. Andrew Mackay** (Bracknell) (Con): May I return the Financial Secretary to his answer to my hon. Friend the Member for Putney (Justine Greening)? Surely he is not really saying—notwithstanding the independence of the Bank of England—that the House should not discuss, debate and question quantitative easing when it has led to the biggest printing of money in our lifetime. Will he give an assurance that that will happen?

**Mr. Timms:** My right hon. Friend the Chancellor of the Exchequer has already commented on the issue in the House. The announcement was made last week by the Bank of England, which is responsible for monetary policy, and it is consistent with the inflation target of 2 per cent. plus or minus 1 per cent. that the Government have set for the Bank. There will be plenty of opportunities for Members to question the Chancellor and other Treasury Ministers on this topic.

**John Mason** (Glasgow, East) (SNP): The Financial Secretary has said on a number of occasions that the shareholders voted for this merger, but I am not sure if they were aware that perhaps only one third of the normal due diligence had been carried out. In the light of both that and the apparent Government pressure for the merger, do the Government not accept some responsibility for what has turned out to be a bad merger?

**Mr. Timms:** The initiative for the merger came from the banks themselves; I understand they were talking about it some time before they approached the Government. The board then recommended merger to the shareholders, and the shareholders voted in favour of it. The hon. Gentleman may well want to ask some questions of board members, but this was clearly an initiative that came from the banks.

**Anne Main** (St. Albans) (Con): May I join the hon. Member for Thurrock (Andrew Mackinlay) in saying that I am feeling somewhat bemused by the enormously large figures, to which we are not giving a lot of scrutiny? On Thursday, I asked for a statement on quantitative easing. May I ask where the figure of £75 billion was plucked from, and what scrutiny has been given to the effects of this on pension pots and annuities?

**Mr. Timms:** As the hon. Lady knows, the Monetary Policy Committee is the responsibility of the Bank of England, which operates independently. It chose the figure it wanted to adopt. My right hon. Friend the Chancellor commented on this topic back in January, because the Bank of England MPC has indicated for a number of weeks that it thought it would wish to go down that road. There was an exchange of letters last week between the Bank and my right hon. Friend, and he will, of course, be happy to comment on this topic when he is back in the House.

**Mr. Andrew Pelling** (Croydon, Central) (Ind): The Financial Secretary referred earlier to what happened in Sweden, which had the advantage of completely cleaning up private sector banks, which were fully nationalised. Why have we not pursued that policy option? What is superior about the Government's approach, which essentially means bad banks operating while remaining within the current commercial banking system?

**Mr. Timms:** Of course, it is an option for banks to set up, effectively, a bad bank or divide themselves into a bad bank and a good bank; that is a matter for the banks themselves. Our view is that banks are best managed under private ownership in the commercial sector. That has guided us through this process, so the establishment of a bad bank would be a matter for the board of that particular bank.

**Mr. William Cash** (Stone) (Con): The Financial Secretary may know that I have been having a running battle with the Chancellor and the Government since 7 October regarding the percentage of GDP commitments they have been entering into, particularly as they have escalated. We have now discovered that the original figure given by the Financial Secretary of 37.3 per cent. has increased considerably. What might the impact be of the percentage increase he has currently announced in respect of GDP, and what implications will that have for taxation and public spending by the Government?

**Mr. Timms:** I am having some difficulty in recognising the figures to which the hon. Gentleman has referred. Let me just say once again that the announcement covers, effectively, an insurance for £260 billion-worth of assets, but the cost to the taxpayer in due course will be a great deal less than that. As I have said, Lloyds is paying £16 billion for access to this facility, and we will have to see whether the cost is more or less than the fee being paid. Clearly, there is at this stage a great deal of uncertainty about what the ultimate cost will be; if there were not uncertainty, it would not be necessary to put this scheme in place. We need the scheme in order to end the uncertainty about the value of assets on the Lloyds balance sheet, and so to enable Lloyds to lend, which the economy needs.



# Estimates Day

2ND ALLOTTED DAY

## SUPPLEMENTARY ESTIMATES 2008-09

## DEPARTMENT FOR BUSINESS, ENTERPRISE AND REGULATORY REFORM

## Economic Situation

*[Relevant Documents: The Fourteenth Report from the Business and Enterprise Committee, Session 2007-08, HC 1116, on the Departmental Annual Report and Scrutiny of the Department for Business, Enterprise and Regulatory Reform, and the Government response, Cm 7559; oral and written evidence taken by the Committee on 16 December 2008, HC 90-i, on Financial support for small and medium-sized enterprises; oral evidence taken by the Committee on 14 January 2009, HC 143-i,on The work of BERR in the current crisis; and uncorrected oral evidence taken by the Committee on 23 February 2009, HC 199-i, on Exporting out of recession.]*

*Motion made, and Question proposed,*

That, for the year ending with 31 March 2009, for expenditure by the Department for Business, Enterprise and Regulatory Reform—

(1) the resources authorised for use be reduced by £1,870,622,000 as set out in HC 240,

(2) the sums authorised for issue out of the Consolidated Fund be reduced by 2,011,255,000 as so set out, and

(3) limits as so set out be set on appropriations in aid. *—(Mr. Frank Roy.)*

5.4 pm

**Peter Luff** (Mid-Worcestershire) (Con): I am grateful for the opportunity to debate this important subject. My speech will fall into three main sections: first, an assessment of the structure of the Department for Business, Enterprise and Regulatory Reform and of the need for a business Department at all; secondly, an assessment of how well BERR is coping with the consequences of the recession; and finally, drawing on the Select Committee on Business and Enterprise's 14th report and the Government's response to it, an assessment of the accountability of the Department to this House.

It is somewhat ironic that a Department that the Prime Minister was apparently once set on abolishing is now at the eye of the biggest economic storm to hit this country for at least a generation. It is a much-shrunken Department; as these estimates remind us, it has lost responsibility for energy to the new Department of Energy and Climate Change and before that it lost responsibility for science to the new Department for Innovation, Universities and Skills. However, it is still the business Department—the Department for commerce—and it faces some of the most important questions that our nation faces.

As a Select Committee Chairman, it would be quite wrong of me to apportion blame for the crisis that we face, so I am not going to do so. I am very glad that we still have a business Department to address those problems. My own party once toyed with the idea of abolishing it and the Liberal Democrats may still have that as official

*[Peter Luff]*

policy—I hope that that is not the case, because we need to have a new consensus based around the need for such a Department, so that the voice of business can be heard loudly and clearly in Whitehall. After all, most of what the Department does has to be done by someone, so it is better for it to be done by someone with a rough understanding of the needs of business.

I know that opinions differ on how well the Department does that job; last week's custard thrower thinks that it sweeps all before it in the argument about Heathrow, whereas others, in the business world, think that it has sometimes been slow and inadequate in its response to the current crisis. This debate provides an opportunity to see who is right.

Debates on the economy are all too rare in this House, and I have mixed feelings about this half-day debate; I am pleased that my Select Committee and the Liaison Committee are providing this opportunity for a debate on the economy, but I am sorry that the Government have not done so before now, and although I understand the reasons for the two statements made today, it is regrettable that, once again, an estimates day debate is being truncated by very important statements.

**Mr. John Redwood** (Wokingham) (Con): My hon. Friend rightly says that we need to probe these estimates in the Department of his choice, but is he aware that the biggest single item in these estimates is a massive £20 billion increase in the estimates for the Treasury, yet we have been given no explanation and no opportunity to debate it?

**Peter Luff:** My right hon. Friend makes an extremely important point. If we are being honest, we must say that this House is not always very good at scrutinising the expenditure of government generally.

**Mr. Hugo Swire** (East Devon) (Con): My hon. Friend is being most indulgent in giving way at the outset of his speech. Does he agree that at a time when we need to hold the Executive to account far more thoroughly on a day-to-day basis, our task would be far easier if the Secretary of State were in this House and not in the other place?

**Peter Luff:** I shall be exploring that theme at some length towards the end of my remarks, but for now it suffices to say that I agree with my hon. Friend.

Although we have a Budget debate starting on 22 April, that is still six weeks away. We should be having regular debates on the economy—on the central issue of our time—and not relying on estimates days and Opposition supply days. We are talking about the Budget, so I should point out that one of the three Commons Ministers to whom I wish to refer is in his place—the Economic Secretary, who is also a business Minister. I am intrigued by the suggestion that his very presence in two Departments—again, that is one of the issues that I wish to address later—may inhibit his ability to stand up for business. I am told by business that it sometimes wants tax cuts—the last thing that the Treasury wants—and sometimes its interest in issues such as the VAT reduction may not be being properly represented because the economic and business Minister has to defend Treasury decisions.

That interesting situation leads to a rather important point about the current structure of BERR. I do not think that sharing Ministers is a very clever idea on the whole, and BERR has far more than its fair share of shared Ministers. My view of Whitehall is that it works on constructive tension between Departments, and although internalising too much tension may look like joined-up government, it makes for bad government. There has even been criticism—I see that the hon. Member for Ellesmere Port and Neston (Andrew Miller), my friend who is Chair of the Select Committee on Regulatory Reform, is in his place—of the fact that responsibility for regulatory reform has been taken away from the Cabinet Office and given to BERR, because that has internalised a very important conflict.

I was pleased to hear Lord Mandelson express concerns in public about the level of planned future business regulation. I have a lot of sympathy with the view of the British Chambers of Commerce that there should be a three-year moratorium on non-essential Government regulation that imposes a cost on business. Although business has been talking about this for a long time, when preparing for this debate I was struck by the new urgency from the business community about the need to curb the growth in regulation.

**Bob Spink** (Castle Point) (Ind): Does the hon. Gentleman accept that, as part of that debate, we should look at business rate reform, because small businesses in our constituencies, particularly small retail outlets in our shopping centres, are suffering terribly in the current economic crisis? We should be doing something specifically about that particular problem.

**Peter Luff:** I agree with the hon. Gentleman, but it would have been nice to have seen him in the Chamber on Friday when we debated this issue. He would have had the opportunity to speak up for his constituents then and it is a shame that he was not here to make that point, with which I agree.

There are conflicting views about the status and activities of BERR. One leading business organisation member said:

"BERR needs to clarify its authority on the business agenda and should require ultimate sign-off on business issues."

He means across Whitehall. He added:

"The risk is that other government departments are using businesses for more and more outcomes that benefit"

their own

"department's core stakeholders—councils, schools etc—and leaving BERR with the role of managing the fallout amongst the business community."

The construction sector has continuing concerns about the Department, and the constant merry-go-round of Ministers who are responsible for construction does not help. The current Minister responsible for that issue is in his place, but if I am right, there has been quite a lot of change in who has worn that hat over the past few years. A representative of the construction industry said to me:

"One of the difficulties that BERR found fairly quickly, however, was demonstrating that it was actually 'fighting the corner' for business. Decisions on a number of tax issues"—

tax issues again—

"in the autumn of 2007 which went in favour of Treasury despite strong protestations from business harmed its credibility, as it seemed to industry that the department had rolled over with little or no fight on behalf of those it represented."

Perhaps more worryingly, that representative also said:

"Proposals earlier this year to develop a strategy for the recovery seem to have been put in abeyance and the focus is more and more on fire fighting. Strategic thinking seems to have gone out of the window."

I am delighted that the Department has accepted the key recommendation of our Committee, which was the recommendation for a chief construction officer. I think that that will do a lot to address the inevitable flux in Ministers, but it would be nice to have that person in post soon. I know that the consultation has begun and I welcome that, but there are big issues. For example, there is tension between the Department for Children, Schools and Families, which has unspent capital in its budget, and the Department for Innovation, Universities and Skills, which cannot find the money to fund the essential further education college building programme. A modest transfer from one to the other would help the nation's skills agenda and the construction sector. The chief construction officer could and should be knocking heads together to achieve that.

The good news is that BERR seems to be doing better than its predecessors. That is the judgment, it seems, of a number of organisations. The CBI said that it saw an improvement from the old Department of Trade and Industry, a positive change and transition and greater emphasis on shaping policy across government. However, the CBI also said:

"BERR still has some way to go to achieve its mission. BERR should continue to strive to influence critical business issues across Government, including tax competitiveness, labour market flexibility, infrastructure, skills, and energy prices and security."

The Engineering Employers Federation, Ministers will be pleased to hear, is quite kind too. It states:

"BERR appears to have developed a greater sense of purpose and a more confident relationship with other government departments. In part this is down to personalities and there is no doubt that the Department has a forceful and often impressive Ministerial team. It is arguable that the economic downturn has helped give BERR a clearer sense of purpose."

So, there are mixed views outside, but the general sense is that the Department could and should be doing better.

**Mr. William Cash** (Stone) (Con): One matter that does not seem to have been mentioned by the CBI is over-regulation and the role of my hon. Friend's Committee and the Department in the context of billions of pounds-worth of over-regulation. Commissioner Verheugen has already identified a cost of £100 billion a year for the whole of Europe, Boyfield and Ambler and others have calculated a figure of £23 billion for the City and, as my hon. Friend mentioned earlier, according to the British Chambers of Commerce, cost increases to business amount to £20 billion a year. In that context, is it not absolutely essential in weighing up the cost-benefit of the Department to start digging deeply into that over-regulation and to take all necessary steps in this House and in Europe to ensure that the whole thing is dealt with properly?

**Peter Luff:** I am very pleased to agree with my hon. Friend. To be fair to the Department, many of the regulations that impact on business come from other Departments. We need to get a handle on other Departments' behaviour, too, and not just on BERR's.

I had hoped to discuss at some length the distraction of Sir Fred Goodwin's pension scheme and the real issues that we face but given the time available, I will not do so. Sometimes I think that the Government are throwing up a smokescreen in front of our eyes and promoting some issues over some of the more fundamental issues. I shall not talk about that today, but shall simply say that the banks and the Government got us where we are by allowing indiscriminate lending and over-borrowing, both public and private. My friends in business find it somewhat confusing to be told by business Ministers that the Government are suggesting that banks must restore lending, especially lending on property, to the very levels that helped to create the problem. I hope that it is uncontroversial now to say that we believe that the Government and the Bank of England should have acted sooner to correct the huge asset price bubble that we knew was an unsustainable boom that was bound to end in bust.

**Mr. Swire:** We have just heard from the Financial Secretary to the Treasury that the new deal with Lloyds will release an extra £3 billion for home loans. Does not my hon. Friend share my concern that that extra lending will be without any direction from the UK taxpayer, who is the majority shareholder, on the income or assets on which that lending should be based?

**Peter Luff:** I hope that we will again move towards a world where more prudent guidance about lending is offered to individuals who are making the most important purchase of their lives. One of the great failures of the past few years has been the failure to provide that guidance, so I am very sympathetic to what my hon. Friend says.

The trouble is that the indebtedness in our economy—the indebtedness of individuals, companies and the Government—poses huge challenges to business. There is an overwhelming need to refinance corporate debt this year, a lot of it held by foreign banks that are now desperately short of liquidity and unprepared to offer that refinancing. Intriguingly, one senior banker said to me that in the great scheme of things, given the scale of the tidal wave of corporate debt requiring refinancing this year, the schemes that we are debating in our consideration of the estimates today, such as the enterprise finance guarantee scheme, amounted to little more than "a rounding error". That is a salutary thought. When I think of the hundreds of billions of pounds that we have been talking about, I see what he means.

It would have been nice to have had a statement in the House on the implications of quantitative easing; that would have been good, and I am surprised and disappointed that we have not had such a statement. Quantitative easing may make the refinancing of corporate debt more achievable, but its scale does not match up to the level of corporate debt that needs refinancing. Anyhow, the smaller businesses that are rightly of concern to the Government and the House will not be selling bonds to the old lady of Threadneedle street for a while yet; that is for sure. What businesses, and small businesses in particular, need is working capital; it is often overdrafts that they need, not loans—a point that my hon. Friend the Member for Northampton, South (Mr. Binley) made in a very fine speech on Friday in the debate on my private Member's Bill on small business rate relief. I am

*[Peter Luff]*

sorry that the Government could not bring themselves to back my Bill. Small schemes of that kind add up and form a big picture; they would make a world of difference to small and medium-sized businesses. I will not repeat all that my hon. Friend and I said about the importance of small businesses to the economy. Members of the House who are interested can read the debate in Friday's *Hansard*. The fact remains that small businesses are still finding it desperately difficult to access the finance that they need.

The Business and Enterprise Committee had a session with the banks before Christmas. Their evidence appears in the tagged bundle of papers provided for today's debate. Intriguingly, we heard clear evidence from them that the political pressure that they were under had led them to make improvements, as regards base rates and overdraft rates, particularly for small businesses. It is important that the House keeps up the pressure, and reminds banks of the need to address the issue. However, the CBI's chief economic adviser has said:

"Significant government measures aimed at restoring credit flows are gradually being put into place, but the pace of delivery is slow. As can be seen in this survey"—

that is, the CBI's February survey—

"businesses' access to credit is just as difficult as it was a month ago.

The cost of borrowing, the credit freeze and the lack of a solution on trade credit insurance"—

I shall come to that issue in a minute—

"are having a growing impact on business activity."

The CBI's director general, Richard Lambert, has called for the Government to use a clearer, louder voice to explain the recovery plans, as there is confusion in business about what those plans cover and how they fit together. That follows what the CBI said in January about the need for a clearer timetable. The Federation of Small Businesses told me that it really appreciates what the Government are trying to do, but it adds that

"feedback from our members suggests that generally, small businesses are not satisfied with the speed with which measures to help small businesses are being passed on."

The Engineering Employers Federation told me:

"The government has announced a number of support measures for business, with BERR in particular leading on measures to free up the flow of credit. There has been some criticism of the piecemeal nature of these initiatives and the lack of an overall discernible strategy."

The enterprise finance guarantee scheme is aimed at viable businesses that have a history of borrowing from banks, but the EEF gave an example of a shortcoming in the detail of the scheme. It says:

"The Enterprise Finance Guarantee (EFG) Scheme, announced in January, has been slow to get off the ground. In January, EEF's steel division, UK Steel, also pointed to the incorrect exclusion of steel from the scheme and this has only recently been reversed."

I have had to write to Lord Mandelson to seek clarification on whether the scheme fully applies in Northern Ireland; that is apparently still not clear. On 16 February, the *Financial Times* reported that only £12 million had been lent under the scheme a month after it was launched.

The FSB has carried out a survey, which is available today. It says that a third of all small businesses are expecting to close down, or to lay off staff, if they do not have more help, but fewer than half of them had even heard of the enterprise finance guarantee scheme. In another FSB survey, no respondents said that branch bank managers were promoting the Government funds at all. The FSB says:

"Generally, it is apparent from responses that while some businesses have benefited from Government measures, for the most part, high street banks are either not aware of the detail or Government schemes, do not know how they would operate, and/or are concerned about the risk they would carry (25 per cent.)."

I saw a long story about that issue in *The Sunday Times* yesterday, and there are serious concerns about the level of personal security still being sought from companies under the enterprise finance guarantee scheme. There are big questions there.

If I had more time—if it were not for the statements—I would cite some case histories that prove that these are not anonymous concerns. They have specific roots in reality. I can show business after business that is not getting the help that it thought it would get as a result of issues with the way in which the schemes work, but I will not do that, to save time. I shall also not expand at length on the delay to the much bigger working capital scheme—a £10 billion scheme, which was revealed in the *Financial Times* last week as being "weeks behind schedule". It is another example of a scheme winning headlines, but still lacking tangible reality.

What about the promise of 10-day payment from the public sector? All members of the Federation of Small Businesses who responded to the survey cited waiting more than 30 days to be paid by central Government Departments, local authorities and primary care trusts, so the 10-day deal is not working.

The Government have said that they are looking at trade credit insurance. The importance of that cannot be overstated. All business organisations are concerned about the withdrawal of trade credit insurance. It is affecting a growing number of businesses, particularly in the construction, retail and electronic sectors. I know that manufacturing businesses in my constituency are suffering from the lack of trade credit insurance. We need to know soon—very soon indeed—whether the Government intend to act on trade credit insurance or not.

Let me give one example. Focus DIY, one of the largest DIY retailers in the UK, owns 183 stores and employs almost 5,000 people. I am told, and I have no reason to disbelieve it, that it is in healthy economic shape and has just opened two new stores. It has had all its trade credit insurance withdrawn. The consequences do not need to be spelled out. That is happening across the retail sector, leaving otherwise completely healthy businesses facing an inevitable funding crisis. If those retailers collapse, jobs will be lost not only in those businesses, but in the manufacturing industries that supply those retailers. Sorting out trade credit insurance must be a very high priority for BERR. I look for reassurance from the Minister when he replies to the debate that that is indeed the case.

Another issue that we have not heard much about, but that ought to go on to the Minister's agenda, is leasing. Despite Government's initiatives and support for UK banks, there continues to be a sharp decline in the liquidity needed to enable small and medium-sized enterprises to lease essential business assets, such as telecoms and data services equipment. Demand from

the SMEs continues at last year's levels, but the almost complete withdrawal of UK banks from funding smaller businesses on normal terms, if at all, means that specialist leasing companies have to rely on foreign banks and to take more risk on their own books, and they cannot afford to do that for much longer. That reduces the number of SMEs able to access affordable leasing arrangements. There will be serious consequences for SMEs if we cannot give them the quality systems and technology that they need to develop their businesses. Leasing, sometimes of quite small items of kit, is hugely important in the SME sector, but the money is not available to finance it. I hope the Minister will be prepared to look into that with representatives of the leasing sector.

**Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): The hon. Gentleman is the Chairman of the Select Committee on which I sit and I have listened to his list of issues affecting small businesses. As a representative of a constituency with an enormous number of small manufacturing businesses, I recognise some of the problems that he has outlined. Does he agree that where there are problems with the schemes that the Government have introduced and that do not seem to be getting through to the businesses, the local chambers of commerce and the regional development agencies will have a crucial role to play in bringing the finance sector and the local manufacturing companies together to ensure that those schemes get through?

**Peter Luff:** Some schemes have been put in place, but people are not being told accurately and in detail what is involved. Other schemes are not yet in place and ought to be. Yet other schemes are hinted at but are not yet offered, even in broad terms. Those are three separate problems, but I agree that the RDAs have an important role to play.

I regret the moving of Business Link from my Hereford and Worcester chamber of commerce to the regional development agency. It was a very well run Business Link which had strong links with the local community. It is now more remote, so communication is sometimes a more difficult challenge in my area. That situation differs in different parts of the country and even in our shared region. I am grateful for the hon. Gentleman's thoughtful contribution.

Leasing is important to the automotive sector. That leads me on quickly to a discussion of one of the topics in the estimates—the package of loan guarantees to automotive manufacturers. I am worried about the lack of attention to the supply chain and small suppliers. We know how important that is. I have at least one automotive supplier—I am not prepared to name him in the House—in desperate difficulty with his bank, for no good reason. He desperately needs access to finance and cannot get it. We need to look much more than we have at the supply chain in the automotive sector.

I welcome, I think, what the Government have done for the automotive sector, as does the Society of Motor Manufacturers and Traders. However, we still have to be clear in our own minds about the basis for supporting the automotive sector as opposed to any other sector. We must not allow dangerous precedents to be set; the Government cannot support every sector.

**Andrew Miller** (Ellesmere Port and Neston) (Lab) *rose—*

**Peter Luff** (Mid-Worcestershire) (Con): I see that the hon. Gentleman wants to intervene; I think that he will have particular views about the automotive sector.

**Andrew Miller:** I am surprised at the lack of consistency among those on the Conservative Benches. I welcome the comments that the Chairman of the Select Committee has just made; it is a pity, however, that the right hon. and learned Member for Rushcliffe (Mr. Clarke), who went uninvited to Vauxhall last week, did not say the same thing. He was still trying to talk down the business.

**Peter Luff:** If my right hon. and learned Friend were here, he would be able to answer for himself; I think that he will be here a little later. I do not know what he said, but I had a discussion with him last week about the merits of scrappage allowances, for example. The Government have been slow to move on that issue, and that concerns the SMMT. There may be a case for scrappage allowances, although it may be weaker here than in Germany or France. The Government are talking about the issue, but nothing has happened.

The SMMT shares my concern about the failure to develop a proper package of support for the automotive finance houses. That is crucial. I know people—perfectly sound risks—who want to buy cars, but cannot get the finance to do so. Again, the Government have been promising action on finance, but it has not been taken. That is another example of an idea being talked about that needs to be brought forward.

The SMMT would also like Government support for short-time working, which might help in the constituency of the hon. Member for Ellesmere Port and Neston; I do not know. Lord Jones of Birmingham has put that interesting idea forward, and it involves a shared package of employees taking less money, employers making a contribution and the Government helping to subsidise part-time working, so that the companies do not lose the skills that they will need again when the recession ends. The chambers of commerce share that view and such a scheme was in place from April 1979 to March 1984; there is a precedent. Other European countries are introducing such schemes, and I hope that the Minister will say that the issue is being considered with some urgency—and, if it is not a runner, that it is being dismissed. We need clarity about the Government's intentions.

The Government will have to move more swiftly than they have until now, and pick the big issues to address. They need to promise to do less, but do it better and more quickly. I am not talking about doing nothing; we all agree that action is needed. However, the Government must make sure that what they do is done with care and speed, and that they then explain themselves clearly to the House of Commons.

That leads me to my final points, which are about the accountability of the Department to the House. I am still proud to be a Member of the House and I want to reinforce its position in society. We should be debating great issues not only in television studios and on the "Today" programme, but here in the House. Today's debate is an estimates day debate, one of the most important things that the House of Commons does.

By the way, it is worth pointing out that only the decision of the Liaison Committee to hold this debate fleshed out the fact that the Department had failed to

*[Peter Luff]*

provide the customary written statement on the estimates. That was a regrettable oversight. For reasons that I shall explain a little later, it is really important that the Department for Business, Enterprise and Regulatory Reform, above all others, fulfils all its obligations to the Commons to the letter—that includes replying to letters more speedily than it sometimes does and not transferring to other Departments letters to which it should reply. The Department has to treat the House of Commons with the utmost care at present because of the relative paucity of its representatives on House of Commons Benches.

I am still surprised by the introduction of the Industry and Exports (Financial Support) Bill, a hugely important Bill, without any explanation or statement. I have had no letter about it and have seen no written statement about it—it was just suddenly published. I am likely to support it, although I have not seen a detailed debate on it yet. It is a really important measure, and it would be good to see the Government explaining themselves rather more clearly about such important steps.

We have the power to grant money. That is what we are doing today; later this evening, we are voting on millions of pounds. The Government rely on the Commons to approve the estimates. Today, we are debating requests for money, including potentially significant liabilities for business and the automotive sector. But the Secretary of State cannot come here to explain his policies and the Minister with responsibility for small businesses cannot come here to explain hers. Furthermore, neither the Minister for Trade and Investment nor the Under-Secretary of State responsible for communications, technology and broadcasting can come here and explain their policies. They are all in the Lords, although I know that the hon. Member for Dudley, South (Ian Pearson) has a lot of sectoral responsibility, which is welcome.

I do not know what this Government would have done without the ability to create life peers in the House of Lords. We have had five life peers at the Department in my short time chairing the Select Committee. One roared briefly and gloriously across the parliamentary sky—Digby, Lord Jones of Birmingham—but he was not a real Minister. He was never a member of the Labour party, and he had no policy responsibility and not much collective responsibility, but he was a very good salesman for UK plc: an important job well done, all too briefly, but not a ministerial one. However, he gave the Prime Minister some help in his early days, and I suppose we must thank Digby for that. To be fair, Digby, Lord Jones, has a quality shared with the other four life peers now serving in the Department—real ability.

Why alone among Government Departments is this Department unable to find enough talent from this House to take the most important decisions that we face as a nation? We have just three Ministers in the Commons, two of whom are here today. They are the two—I do not say this pejoratively—part-time Ministers, one shared, in the case of the Minister for Trade, Development and Consumer Affairs, with the Department for International Development, and the other with the Treasury. Only the Minister for Employment Relations and Postal Affairs dedicates himself full time to the Department and this place. They are all able and decent Ministers; I can say that genuinely. I like them, get on very well with them personally, and respect them—but they do not have Cabinet rank, and they do not have enough time to do justice to their portfolios or to make themselves properly responsible to this House. This is not an arcane constitutional issue. Our constituents must have confidence that we can raise on their behalf the most pressing issues of the time with the Ministers who are taking the decisions on those issues.

BERR now even has a YouTube presence—I went on it at the weekend. People can ask Lord Mandelson a question, and the most popular one will get a video response. I have asked a question, although I do not know if it is popular. There are some very good questions on it. When last I looked, there were 38 questions and no responses. However, in the House of Commons itself only members of the Select Committee—there are many here today—have the privilege of being able to ask Lord Mandelson questions on the record. We read about the consequences in last week's edition of *The Sunday Times*, where we were told, of the controversial proposals to part-privatise Royal Mail Group:

> "Several government aides have joined the Labour rebellion, piqued by the role played by the divisive Mandelson. 'Because Peter Mandelson is in the Lords, I have to make [illegible] asking him questions in corridors', said Geraldine Smith, the Labour MP leading the rebels. 'I asked him, 'How much do you expect to get?' and he said, 'I haven't got a figure.' No one has any money right now.'"

That is a rather important question for this House to ask, but we cannot do so. Lord Mandelson's speeches are always reported. They are very well written, although I am not sure that they are always as radically new as he thinks—"industrial activism" sounds remarkably like the policy of successive Governments since the war. They are always worth asking about, but we cannot ask him on the record. I can, and the other members of the Committee can, but none of the rest of us can, and we should be able to.

This is not just about scrutiny but legislation. The Commons will be asked to legislate without access to the head of the Department. Will junior Ministers really have the power during those debates to make the concessions that this House needs? When the Postal Services Bill comes here after Easter, that will become a very important question. Indeed, we have the curious spectacle of a major Bill that will spend large amounts of money to address a massive pension deficit and breaks the spirit, if not the letter, of a manifesto commitment, beginning its life in the Lords—its Second Reading is tomorrow—simply because the Minister with prime responsibility for it is a Member of the House of Lords. There should be a Commons Cabinet Minister in this House and the Bill should begin here.

**Mr. Tom Clarke** (Coatbridge, Chryston and Bellshill) (Lab): The hon. Gentleman does a fine job chairing his Committee. Does he recall that Lord Home was Secretary of State for Foreign Affairs in Harold Macmillan's Government, and that even more recently Baroness Chalker headed the International Development Department from the House of Lords, and we had 10 minutes for a junior Minister, Lennox-Boyd, to deal with all the big issues here? I share the hon. Gentleman's confidence in my hon. Friend the Minister for Trade, Development and Consumer Affairs. When Ted Heath

stood in for Lord Home, he was clearly on the ladder to becoming Prime Minister, so I am expecting great things.

**Peter Luff:** The right hon. Gentleman tempts me to recite the Committee's 14th report, which I recommend to him. There is a particularly good footnote about Lord Wellington appearing before the Bar of the House of Commons. I think that there was only one occasion of substance in recent history when there was a Minister in the Lords without a Cabinet Minister to match him here in the Commons—Lord Cockfield, from 1982 to 1983. As far as I recall, Baroness Chalker was not in the Cabinet at the time and was only a Minister of State; her post did not involve a separate Government Department. That was a mistake then, and it is a mistake now.

In our 14th report, we said that

"it would be possible to follow earlier precedents and ensure that a Cabinet Minister in the Commons is able to answer on behalf of the Department".

We discussed accountability with Lord Mandelson and he suggested

"you alter the Standing Orders of the House of Commons to allow Lords heads of department to come and answer questions in the Commons",

although he admitted he was

"way beyond my comfort zone".

We thought that that was an idea worth exploring and we looked at some ways of doing it. In view of the time, I will not labour the point, but we said that detailed discussion about a mechanism was probably best left to the Procedure Committee. We were

"convinced such a mechanism is needed, particularly at a time of such economic turmoil",

but we were comprehensively rebuffed by the Government in their response, Command Paper 7559:

"The Government is content that the current arrangements provide for rigorous scrutiny in both Houses of the work of the Department. The Secretary of State has indicated that he is keen for the Business and Enterprise Committee to act as the principal conduit of his accountability to the Commons and he is happy to discuss further with the Committee how that role might be developed."

The Government observed that

"the Secretary of State has already appeared twice in front of the Committee".

Yes, he has, and we welcome his preparedness to come before us. It is always entertaining, and often illuminating when he does, and we are grateful for that, but we have not got the time to spend our entire lives asking House of Lords Ministers to come before us to be accountable to Parliament, when they should do so in this House. We cannot do that, and to do so would not be an adequate replacement for making them accountable here.

The Government said:

"Ministers have a duty to Parliament to account, and to be held to account, for the policies, decisions and actions of their departments and agencies. They do this in a number of ways. In the House in which they sit, Ministers answer questions, make statements and participate in debates."

I apologise to the Ministers on the Front Bench, but the four most important Ministers in the Department do not sit here. They sit in the other place, and that is the problem. I am sorry if that hurts, but they are the four most important Ministers taking the most important decisions, and we cannot question them.

One of the most extraordinary claims in the Government's response was this:

"A Minister who is a Member of the House of Lords may make a statement to a grand committee of the House of Commons and answer questions on it."

There are only three Grand Committees—for Scotland, Wales and Northern Ireland—and I am advised by the Journal Office that so far during this Parliament, only the Welsh Grand Committee has met, and it has only met twice. The Scottish Grand Committee has not met since 2003. This idea of Grand Committees as a mechanism, even if we got the English regional Grand Committees, is not a good one because we want the whole House to be involved in this process. Allowing regional Grand Committees to call Ministers is not a substitute for the democracy of this House.

Another point raised by the Government, which we were just discussing, was this:

"There have always been Cabinet Ministers in the House of Lords...The Government does not believe that the current situation is any different in principle from any of these other recent examples."

I just do not accept that; it is factually wrong. This situation is different by an order of magnitude. For a start, this is a time of economic crisis, and the decisions being taken by these Ministers are hugely important. When I was a special adviser at the old Department of Trade and Industry and Lord Young of Graffham was Secretary of State, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) was a Cabinet Minister, sitting here and answering questions. We should have something similar now. Actually, it would be good to have my right hon. and learned Friend in the Department again, and sitting round the Cabinet table, not just the shadow Cabinet table. But that is a partisan point, and Select Committee Chairmen must not make those. It would be good to have a Cabinet-ranking Minister in this House at this important time.

The Government finally said:

"There is also a risk that the burden on Ministers of having additional duties in the other House might compromise their ability to participate fully in the work of the House in which they sit."

Almost all Ministers in the Department have other responsibilities in other Departments—only two out of a team of seven do not fall into this category. That is all right, then: Ministers can have those conflicting responsibilities, but they cannot make themselves accountable to this House. That is a great shame.

I have spoken for far longer than I meant to. It is an unusual opportunity, and this is a series of important questions that the Department needs to answer. It is doing better, but it needs to up its game. It must deliver on what it promises, and promise the right things, and it must improve its accountability to this House. I do not regard the Government's response to our 14th report as anything other than a severe disappointment.

**Several hon. Members** *rose*—

**Mr. Deputy Speaker (Sir Michael Lord):** May I remind the House that there is a 15-minute limit on Back-Bench speeches?

5.39 pm

**Andrew Miller** (Ellesmere Port and Neston) (Lab): It is a pleasure to follow the Chairman of the Select Committee on Business and Enterprise, the hon. Member for Mid-Worcestershire (Peter Luff). When the Department was restructured, we had a discussion about where regulatory reform fits into it, given the new responsibilities of my Committee, the Select Committee on Regulatory Reform, and we now have a good working understanding of how that relationship fits together. That is an example of how we can build bridges and make structures work.

I wish to make some observations about the departmental structure. I, too, was concerned when I first saw the structure that was set up after the last election. In fact, my Committee passed comment in its first investigative report on the moving of responsibility for regulatory reform from the Cabinet Office to the new Department. When we took evidence during that investigation, it was interesting to find that the majority of people had come to the conclusion that there is always difficulty in creating the right structure of government, as successive Governments have demonstrated. The hon. Gentleman mentioned science, which has been around five or six different Departments. There is never a perfect place to put it. The important thing is not creating departmental structures but creating mechanisms to make Departments talk effectively to each other.

I have come to the conclusion that the hon. Gentleman is wrong about Ministers with a foot in both camps. There is a role for them, and it is particularly useful if there is a foot in the Treasury camp, as there are cross-cutting matters to consider. It is interesting to note his observation that both the CBI and the Engineering Employers Federation have said that certain things are working better in the new Department than in its predecessor. That is partly down to the new cross-cutting arrangement.

My Committee's report concluded that we would want to revisit the role of regulatory reform in future, based on experience. There is a good argument to be had about whether it can be dealt with effectively by one Department, given that it should transcend every Department of State and every aspect of local government. I respect the hon. Gentleman's view, but I believe he would acknowledge that, on some matters, we can come to conclusions only when we have the advantage of hindsight. It is a great benefit to be able to use hindsight from time to time, but of course it can be too late if we have got things wrong. However, I believe that we have made some important steps.

I commend to the House the survey of business undertaken by the National Audit Office during the past year. It has thrown up some fascinating data about where individual businesses perceive the burden of regulation to come from. There has been a slight move in the right direction, with businesses perceiving that the burden is shrinking. Interestingly, the perception is sectorally based. The Committees that the hon. Gentleman and I chair will consistently have problems in being able to drill down on the impact of Government legislation on individual sectors of the economy and come to conclusions about the best way forward. I would like detailed work of the type that I have mentioned to be commissioned, so that we can get away from the rather silly headlines about the number of regulations and so on and consider how individual sectors are affected.

**Mr. Brian Binley** (Northampton, South) (Con): Does the hon. Gentleman appreciate that the cost to business of additional regulation amounts to £66 billion over the past 11 years? That is not a silly figure—it is a most disturbing burden that businesses have to face and tackle every day.

**Andrew Miller:** That is an easy headline, but missing from it are the cause of the regulations, the sectors on which they have an impact—

**Mr. Binley** *rose—*

**Andrew Miller:** The hon. Gentleman is so anxious that he will not let me finish my sentence. It is important to consider the way we try to shift the burden away from businesses, and which regulations have gone through the House with all-party support. We must also recognise that some burdens that we place on businesses are necessary. It is easy to cite figures that sound horrendous, but when one asks what the burdens are—as the National Audit Office asked businesses; clearly, the hon. Gentleman has not read its report—it is interesting to note that only a few businesses, which totalled 5, 6, 7 and 8 per cent. of the 1,000 surveyed, identified the same burden. However, the survey had an extremely long tail of little gripes from individual businesses. I am concerned that we are not drilling down and considering those properly.

**Mr. Binley:** I am most grateful to the hon. Gentleman for giving way again. Does he also appreciate that, when the sets of regulations were examined, 62 per cent. were found to be gold-plated by the Government? Is that a silly statement, too?

**Andrew Miller:** Neither our report nor the National Audit Office found that. I am not sure whether it is proper for me to try to recruit, but there is a Conservative vacancy on my Committee, and I would look forward to the hon. Gentleman's participating because we are desperately short of Conservative Members. Indeed, no Conservatives bother to turn up.

**Mr. Bailey:** My hon. Friend takes a great interest in regulation. Does he agree that it is rather odd that Conservative Members complain about the so-called burden of regulation on businesses, but almost in the same breath blame the Government for not regulating the financial services sector more heavily in the past few years? Is the Regulatory Reform Committee considering the possibility of analysing the appropriate regulatory framework for the financial services sector?

**Andrew Miller:** The financial services sector is, of course, the purview of my right hon. Friend the Member for West Dunbartonshire (John McFall), the Chairman of the Treasury Committee, but we are discussing our next subject of inquiry with him to ensure that we consider issues in which industrial and financial matters cross over. I will deal with some of those problems when I speak shortly about the vehicle industry, which is dear to my heart. However, my hon. Friend makes a good observation.

I agree with the hon. Member for Mid-Worcestershire about credit insurance. It is increasingly a problem, especially, as he said, in the construction industry. A couple of weeks ago, I visited a company in my constituency

that has successfully traded for two generations. The father started the business and the son continues it. It deals with ground-level works, ground clearances and environmental clean-up. The Minister for Trade, Development and Consumer Affairs will be interested to learn that the company—Morgan's—won a major health and safety award as a result of its work, in competition with other, much bigger companies.

Morgan's is typical of the kind of company that the hon. Member for Mid-Worcestershire spoke of. It is genuinely concerned about the problem of credit insurance, which is an area where we need some rapid movement by the Government to try to help to underwrite some of the important work that is available. There is a lot of potential in the publicly funded contracts that can emerge as a result of the Building Schools for the Future programme and other such projects, but we must ensure that the potential contractors can fully participate without risk to themselves.

My fourth point is about vehicles. I am delighted that the right hon. and learned Member for Rushcliffe (Mr. Clarke) has joined us, because he visited my constituency last week—he did not bother to tell me of course, but that is the nature of things these days. We are not as polite to each other as we used to be. *[Interruption.]* I can see that the right hon. and learned Gentleman is seeking to stand up and apologise, but he does not need to bother, because I accept that from him. His was supposedly a private visit—that was what it said in one newspaper, but last Saturday's *Daily Post* quoted him at length on what he thought of the vehicle industry. I am sure that he will not have seen that, because the *Daily Post* does not circulate in his neck of the woods, but I commend the online edition to him, because he is quoted in it at length, suggesting that the Government have done nothing to aid the vehicle industry.

The right hon. and learned Gentleman and I would probably start with some common ground, in that Vauxhall, which is part of GM Europe, which is part of General Motors, has transformed itself beyond all recognition. He will have seen a company that is tooling up for a new vehicle that is going to come on stream in September, part of which has been supported by a significant degree of public money—so significant, in fact, that it was subject to inquiries from Europe about whether it was legitimate under competition rules. That money has been given the green light and is being used.

That work is being done by the company in partnership with West Cheshire further education college, which is upskilling people, and not just for the new vehicle in September. Plans are afoot to keep that training programme, so that we will be in a position to capture some of the new work that will come into Europe and, I hope, into the UK as a result of the investments being made in electric cars. I hope that we can get a cross-party consensus to encourage companies such as General Motors to work with all parties in the House in bringing that about.

If we do that, not only will the 2,200 people who work at Vauxhall in Ellesmere Port be beneficiaries, but there will be massive supply chain implications. The hon. Member for Mid-Worcestershire touched on the supply chain and he is absolutely right. In my constituency we have just lost a tiny company called Cabot Carbon, which had been there for 60 years. It had certificate No. 1 under the Marshall plan and was formally sponsored and backed to the hilt by the late Harold Wilson when he was President of the Board of Trade. Cabot Carbon made carbon black, an essential product in tyres, but the market in carbon black has collapsed across the world. Factories around the world have closed because of the failure of vehicle companies to sell their products.

The problem starts at the raw materials level and goes up from there. It is not just the companies that make components that are affected; it is companies that make the raw materials that make the components. We have to look at the supply chain comprehensively and ensure that the programmes that we put in place as a result of the Government's proposals reach out to all parts of the industry. It is no good our simply saying that we can do nothing, as some have suggested, and that we should leave things to the market. That is not good enough.

There must be some direct intervention to offer support with short-time working and scrappage, as I indicated in the Liaison Committee—the hon. Gentleman will recall that I asked the Prime Minister about that. There is a raft of issues that we can examine, although it would be wrong, incidentally, to use the scrappage scheme as a pretend environmental scheme. We must be clear that the issue is not whether the project is environmentally friendly; it is about intervening in the market to help to stimulate it. We ought also to look at the finance companies, as the hon. Gentleman said.

Those are the kinds of things that are being examined, along with the training programme. We now need to see those things translated into action well before the summer, so that the companies are lined up, just as Vauxhall is lined up to launch the new vehicle in September with gusto and confidence. It is a great vehicle and I am sure that people in this place, as well as many people outside, will buy it, but I will leave it at that.

5.56 pm

**Mr. Mark Oaten** (Winchester) (LD): I congratulate the Chairman of the Business and Enterprise Committee, the hon. Member for Mid-Worcestershire (Peter Luff), on introducing today's estimates debate so competently and on his neat summary of the work in which the Committee has been involved. It has been a privilege to serve on the Committee and I would like to take this opportunity to congratulate him on how he has chaired it through consideration of some complex issues over the past six months. It is an extremely successful Select Committee and I have thoroughly enjoyed the experience of being part of it.

I want to start with the Chairman's end-point, which was about the accountability of the Department. As a member of the Committee, I am one of the fortunate 15 or 16 hon. Members who are able to cross-examine the Secretary of State. As the Chairman said, we have quite rightly been privileged in having the Secretary of State give evidence on a couple of occasions. However, other hon. Members have not been afforded that privilege.

When the Department has such an enormous work load and when there is such an enormous focus on its work, we need accountability in this Chamber. I am sure that I am not alone in having had constituents and businesses saying to me, "When you next see Peter Mandelson or one of the Ministers, will you ask them this?" I do not think that I have known businesses to be in contact as much as they are now with direct questions that they want taken up. It is extremely frustrating not to be able to do so on the Floor of the House.

*[Mr. Mark Oaten]*

As the Chairman of the Committee said, we have some extremely hard-working and able Ministers coping with some extremely difficult circumstances. What I am saying is in no way a criticism of their ability; in fact, we are arguing that it would help them with their role and function if they could be more accountable. It is not acceptable to have so many Ministers in the Department in the House of Lords. In principle, I have no problem with Ministers coming from the House of the Lords; in fact, the appointment of Peter Mandelson was a good thing in many ways. It certainly raised the profile of business and he seems to have brought a lot of energy and vigour. One of the advantages of appointing from the Lords is being able to bring in such individuals. However, the one weakness in the system is the lack of accountability.

In considering that point, the Committee suggested a number of solutions, some of which the Chairman touched on. The most obvious solution is for Peter Mandelson to be at the Dispatch Box in this Chamber. I just cannot understand what is tied up in our history that does not allow a Member from the other side of the Palace to come and be answerable at the Dispatch Box. That would be the simplest thing to do. I am sure that there are all sorts of archaic reasons why we cannot do it, but now is not the time for old-fashioned, fuddy-duddy ideas; now is the time for the Government to demonstrate that they recognise and understand that there is a crisis. If that means more accountability by allowing a Member of the House of Lords to stand at the Dispatch Box in this Chamber, that is what we should do.

I cannot understand the arguments against that happening. It is not good enough to say that it has not happened before. That is never an argument for change; if we use that argument, there will never be any change. Even if we are prepared to accept that Lord Mandelson is unable to answer questions here at Question Time, surely he should at least be able to come to this House to make key statements. I feel disfranchised when important statements on business and the economy take place in the House of Lords and we are unable to put questions to the Cabinet Minister on the Floor of this House.

**Peter Luff:** I appreciate the work that the hon. Gentleman does in the Select Committee. I do not want to trivialise what he is saying, but what he is suggesting has been done before: the Duke of Wellington was here in 1815. *[Interruption.]* Also, we have Westminster Hall and Committee Room 14, so it really should not be difficult to achieve this. I endorse what the hon. Gentleman is saying.

**Mr. Oaten:** My hon. Friend the Member for Somerton and Frome (Mr. Heath) says that he remembers that occasion; I do not. I do not really give a damn about whether there is a precedent or not. The point is that it is a good idea now, and we should adopt it now. Whether there is a precedent or not is irrelevant. If we are not prepared to do that, however, we might consider that there is a precedent for Members of the other place appearing before Grand Committees—albeit that the Scottish and Welsh Grand Committees would be pretty useless forums when it came to the matters that we are talking about. Why could the Secretary of State not come to Westminster Hall, for example, so that we could ask him questions there?

There is also the matter of written questions, and of not being able to go through directly to the Secretary of State with them. It would be an incredible response from the Government if they were to recognise this unique situation and to create some kind of accountability. However, their response has not been helpful, as the Chairman of the Select Committee has said. I will not repeat all the various issues, but the one that I found the most ridiculous was the suggestion that, if we were to allow some such accountability, Peter Mandelson would not be able to meet his commitments in the other place. Peter Mandelson would be more than able to do all that at the same time, as he indicated when he appeared before the Select Committee, although he did say that he was beyond his comfort zone. However, he would probably appreciate being able to do so.

It is not good enough simply to allow Peter Mandelson to appear before the Select Committee on a few more occasions, as the Government have suggested. That would not create parliamentary accountability. It would hijack the work of the Select Committee, and genuine accountability would be provided to only about 11 Members. It is certainly not good enough to say that there are opportunities to have quick conversations with Ministers in corridors, because we want the ability to have their answers placed on record. People do not get on the record by talking in corridors.

I want to touch briefly on a few of the issues that the Select Committee has considered in relation to the present economic crisis, and to pick up on the theme of its impact on small businesses. Having talked to small businesses, my biggest concern is the mismatch between central Government announcements and reality. That is a constant theme from those who represent individual businesses. A number of examples spring to mind, the first of which is the small business finance scheme. The initiative sounds incredibly worth while, and it was welcomed by Members on both sides of the House. In the months since the scheme was announced, however, it has been extremely difficult to tie down the Government and find out what is actually happening.

I asked the Minister in a parliamentary question last December when he expected the first payments to be issued under the small business finance scheme. I asked further questions about access and about the resources being set aside for that purpose. That question was asked at the beginning of December, and it was due for answer on 15 December. I have checked with my office today, 9 March, and we have still not had a reply to that question about an important Government scheme. How quickly the Government respond to questions about how the schemes are working on the ground sends completely the wrong message.

Another issue that has been touched on by the Chairman of the Select Committee is the way in which banks are providing for implementation of the various schemes. Having spoken to business men and those working in the banks, I have discovered several problems. First, there is a lack of awareness at branch level about what the schemes are and how they work. Worse still, different banks are offering different interpretations of how the schemes operate. The same business could approach three or four banks and be told different things about how to apply for the schemes.

Figures have already been cited on access to the various schemes that the Government have put in place. A Federation of Small Businesses poll showed that only

8 per cent. of small businesses found that banks were making the enterprise finance guarantee scheme available. Other figures have shown how many businesses were actually accessing the scheme, but if only 8 per cent. are saying that banks are making it available, there is a poor chance of increasing take-up for those who have to jump through all the various hoops to obtain it.

I had a meeting this afternoon with one of the trade bodies representing the insolvency firms, and I was told that there was confusion about the schemes and about which businesses are able to take advantage of them. For example, some businesses are being told that, because they are still viable and successful, they are not able to access schemes to help them to grow. Other businesses, however, are being told that they are unable to access the schemes because they are not viable or successful. That is a complete contradiction. If businesses are struggling—and therefore not viable—these loans might get them back on track, yet they are unable to access them. It is also important, in a recession, to look after the companies that are doing well, yet companies that are doing extremely well but need support to get them to the next stage are being told that they are doing too well and are therefore unable to access the schemes. These confused messages and inconsistencies are causing great concern in the small business sector.

We have been promised that the Government will report back on how the banks are performing on lending. We touched on that matter during the statement earlier. I would welcome any promises or commitments that the Minister can make, and any information on how the Government's lending panel is working. Will he also tell us who is on the panel and what assessments are being put in place to look at lending? Does he think that we can improve on the present commitment for the panel to report back on its work only on an annual basis? If that is still the target, I am sure that the House would want at least a quarterly update on lending, rather than having to wait for an annual report from the panel.

I want briefly to touch on two other issues. The first, which we raised in the Select Committee, relates to procurement. For many small businesses, procurement is an absolute nightmare. Trying to win contracts from Government Departments is a real headache for them. I must declare an interest, in that I occasionally help out a business in my constituency, and I have sat with representatives of that business trying to help them to win business in the health and local government sectors. The chief executive of the company has shown me a document of some 100 pages of forms to be filled in by the company just to try to get on to a tender list to win business from Government Departments. Some of the questions in that procurement process are breathtaking. They include questions such as: what is the average age of the people working in the company? The forms go on and on in that kind of detail.

Businesses are being put off trying to win any business from the Government because of the long, cumbersome procurement process. In the Select Committee, Lord Mandelson acknowledged that the Government needed to do more about that. The Glover review was put in place by the Government to look at procurement, and I would be grateful if the Minister could tell us what Glover is doing now to sweep away some of the ridiculous form-filling and red tape that businesses trying to win Government contracts have to deal with. I know that a lot of businesses are trying to win work on the back of the Olympics, and that process is quite complex, although some work has been done to make it easier. However, across the board, in local government, health and all the various Government Departments, we could do more to help our small businesses to reduce the time it takes to win business.

Finally, I want to pick up on the points that the Chairman of the Select Committee made about the 10-day payment target, and to welcome DBERR's commitment in that direction. When I asked a question about that in December, I was told that 96.9 per cent. of the Department's payments were made within 10 days, which is excellent and represents good progress. At the same time, I asked whether the Department could report on whether other Government Departments were meeting their 10-day targets. I have not yet had a response to that question, and I wonder whether the Minister could tell me whether the other Departments are following DBERR's lead in scoring a percentage in the mid-90s.

The concern goes further than central Government Departments; the commitment was to try to speak to those working in health and local government to see whether we could speed up the 10-day period in those sectors. Again, the word coming back from suppliers in health and local government is not promising: some of the figures suggest that in many cases people are waiting way beyond 30 days, let alone achieving any improvement towards 10 days. In his winding-up speech, will the Minister give us some comfort that we are looking seriously at putting more pressure on those public bodies to meet the 10-day target? I would appreciate that.

In conclusion, I believe that the Government are doing good work in hard times, but it would help enormously if two things came out of this debate: first, if we made some progress on accountability so that we could cross-examine Ministers more regularly and more clearly; and secondly, if we could gain a real understanding that an announcement had to result in action on the ground very quickly afterwards.

6.10 pm

**Tony Baldry** (Banbury) (Con): I do not think that any of us on any day can underestimate how deep the present recession is becoming and just how many jobs are being lost. In a patch like mine, which most hon. Members would consider to be a relatively prosperous part of the country, there is barely a day—certainly not a week—goes by without very significant announcements being made of further job losses in the automotive industry, retailing, automotive components and pretty well every sector of the economy.

What is also frightening is just how quickly businesses are running out of cash and the number of job losses that is leading to. Last week, for example, a very professional printing business in my patch announced that it would have to make about 60 people redundant—simply because of a somewhat disappointing order book for January and February. In the past, if a business had a cash-flow difficulty of that kind, it would have either gone to the bank to sort out future financial loan arrangements or gone to the shareholders to raise extra funding: neither of those options is now available, so businesses that are running out of cash find that the only way they can respond to it is by making people redundant and laying them off.

*[Tony Baldry]*

Even in the most recent unemployment figures—for January—we are already seeing the highest unemployment figure in Oxfordshire since May 1997, when the present Government came to power. In the month of January, unemployment in Oxfordshire jumped up by 1,104 people since the previous month—the biggest increase in a single month since March 1991. I suspect that, as the months go by, we are going to continue to see unemployment figures tragically beating those of previous months. Twice as many people are out of work in Oxfordshire now as compared to a year ago, and it is getting worse.

What we need, then, is for the Department for Business, Enterprise and Regulatory Reform to be a champion in Whitehall and it should devote all its attention to being an advocate for businesses in these particularly difficult times. Against that background, it is disappointing that so many of the relevant Ministers are in the other place. They are also somewhat distracted by trying to sort out the problems of the Royal Mail and, indeed, sort out the internal workings of the Labour party in terms of Royal Mail.

Lord Mandelson obviously appreciates that the Department should help business and be an advocate for it, because on 9 February, he wrote us all a letter to tell us what the Department intended to do. We should compare the promises in the letter with what is actually happening in reality, because, as the hon. Member for Winchester (Mr. Oaten) rightly said, all too often the statements and promises made by the Government in the House do not compare with the reality on the ground.

Let me mention one good thing that the Department has done. A number of us who participated in a Westminster Hall debate recently were very concerned that, with so few Ministers based in the House of Commons and given that the issues faced by our constituency firms are so immediate, by the time we wrote to Ministers and the information went all around Whitehall, it would take far too long to get responses. We suggested to the Minister responding to the debate that it would good if there were a hotline that MPs could use to raise urgent and immediate issues with officials in BERR. The suggestion I put forward had all-party support on the day and I am pleased to credit Ministers for introducing it. For the first time, the Department now has a helpline and MPs are able to communicate directly with officials on policy issues. Lord Mandelson made it clear in his recent letter that if we had any urgent matters relating to a local company in difficulty, we could get in touch with David Smith, the director of special projects at BERR, by e-mail on economy@berr.gsi.gov.uk. Having used it on several occasions since it was announced, I have to say that officials have not only been courteous, but have interacted, responded and taken up issues with other Government Departments. That is what we need them to do.

Let us look, however, at what else the Department says it is doing. On finance and the various schemes for business support, I really question the real value to business of the enterprise finance guarantee scheme. First, the banks have 75 per cent. of their lending guaranteed by the Government; secondly, individuals or companies have a 2 per cent. premium charged on the outstanding balance—presumably that is some sort of insurance scheme on the remaining amount. It has now become clear, however, that the banks expect personal guarantees for 100 per cent. of the loan and that those 100 per cent. loan guarantees are offered with the support and agreement of the Government. As Phil Orford, chief executive of the Forum of Private Business, has said:

"It is outrageous. The guarantee scheme is supposed to be lending of the last resort when small firms have explored every other route".

If personal guarantees of 100 per cent. are sought, what is the advantage of this scheme over any other banking scheme? A director of a public company, a small plus-listed or alternative investment market-listed company is not in a position to give personal guarantees, so those smaller public companies are effectively being excluded from the scheme.

What happened with the enterprise finance guarantee scheme? First, for a number of weeks, it was clear that the banks did not understand what was going on. Then they did understand—and only too well, because the Treasury told them—that they only needed to lend money if they could get 100 per cent. personal guarantees. It will not be surprising if the take-up is not huge. One business man put it very well:

"To my mind, the guarantee scheme is one of those things that makes the government sound good without it actually having to come up with anything."

All too many of these schemes seem to be about wanting to make the Government look good, without actually delivering anything.

Another scheme that Lord Mandelson mentioned in his letter of 9 February was the working capital scheme. One would assume from the letter that the scheme was up and running and that people would know how to access the funding, but all of us who take an interest in these matters know that the detail of the working capital scheme has yet to be sorted out—a point made by my hon. Friend the Member for Mid-Worcestershire (Peter Luff), who chairs the Select Committee.

There is no point in banks such as the Santander, Abbey National or others saying very virtuously that they are putting an extra £100 million into the enterprise finance guarantee scheme, when it seems to me that those bankers are taking on no risks at all. In the announcement earlier today, we heard about supposedly large sums of money coming from Lloyds for extra lending, but what is the point of it all if the money is released only if secured by the personal guarantees of small business men? I do not see how the scheme will work or how it will help any companies with their present cash flow. It is not surprising that in a recent survey of the Federation of Small Businesses, more than half of those questioned said that they did not think that the scheme would encourage bank lending.

**Mr. Binley:** Does my hon. Friend agree with me and the Federation of Small Businesses that the people you are talking about are actually saying that they are being forced into personal guarantees, which puts their home on the line, and their partners are saying "We are not carrying on the business if that is the choice"? Do you find that to be the case in the real world out there—

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Order. I have no view on the matter, I think the hon. Gentleman means the hon. Member for Banbury (Tony Baldry).

**Tony Baldry:** The scheme is putting unsustainable pressure on many businesses, but my real point is that if a business wants to raise money on a secured loan it can do so with a bank anyway, so why are the Government trumpeting their introduction of a scheme that does very little?

Lord Mandelson's letter also trumpets the following:

"HMRC is also working with businesses on tax or VAT deferrals."

Actually, when we get down to the detail, Her Majesty's Revenue and Customs says that will be only for new inquiries. A company in my constituency, which I will not name for reasons of commercial confidentiality, wrote to HMRC on 11 November 2008 asking permission for deferment of pay-as-you-earn and national insurance contributions. It was not until 6 January, nearly two months later, that HMRC wrote to the chief executive of the company:

"I am writing to advise you that I have assumed responsibility for collecting any tax debt owed by the company. I can also confirm that I have received your correspondence dated 11th November".

It is wholly unacceptable for HMRC to take from 11 November 2008 until 6 January 2009 to reply to a sizeable company that is clearly in difficulties and asking for help with deferment of tax and PAYE. My impression is that what happened in that case happens in most instances and HMRC is merely telling companies that approach them, "Well, if you get your tax affairs up to date we might consider what we could do in the future".

There is another way for the Government to help small businesses in their dealings with HMRC, and BERR could help as an advocate. When customers fail to pay for goods or services, companies have to pay the VAT on the bad debt, but they cannot reclaim it for six months, which adds insult to injury. With today's technology one can scarcely believe that it would be impossible for the Treasury either to remove the need to pay VAT on bad debts—thereby easing cash flow—or at least to repay the VAT much more speedily than taking six months. For a number of businesses in my constituency finding that they have to pay VAT on bad debts just adds insult to injury.

What is BERR doing, as a champion in the Government, to deal with the mismatch between the jobs we are losing and the jobs we need? I shall give just one example. For me, one of the most depressing things recently was talking to skilled young automotive engineers who were made redundant at Prodrive because Subaru no longer sponsors a Formula 1 racing team. I then happened to hear a presentation from Transport for London and Crossrail about the Crossrail project and the refurbishment of the London underground. The House may not know the average age of a London underground engineer—it is 58. Who in the machinery of government is trying to ensure that the skills of those young automotive engineers, who clearly recognise that they will not be working in automotive engineering for some time, are put to good use working in other parts of the economy where their skills are needed?

We hear much trumpeting of the 2012 Olympics. There are still considerable skills shortages in construction in London, and I cannot believe that in other parts of the country where house builders and others have been laid off there is no potential to match up some of their skills with the skills needed for the 2012 Olympics, but who in the machinery of government is doing that? It should be a task where BERR acts as an advocate to try to ensure that there is not a skills mismatch.

Many of us are organising job clubs in our constituencies to try to support people who are out of work so that they can get back to the world of work as speedily as possible. However, that needs people in the machinery of government to ensure that everything is pulled together. At present, one has no sense of that happening. One has no sense of the regional development agencies or anyone else trying to ensure that the skills we have are put to the best possible use.

The other day, the Secretary of State for Energy and Climate Change made a long and passionate speech about what Britain can do in terms of green technology. Undoubtedly, the market is worth trillions of pounds and it could produce large numbers of new jobs, but one has no sense that anyone in the machinery of government is trying to see how areas such as mine in Oxfordshire—connected to the universities and to new technology—can promote green technologies and take the opportunities they offer.

Indeed, one does not even have a sense that BERR is sorting out basic things such as broadband so that the country has the right technological infrastructure. We have the slowest broadband speeds in the developed world. The situation is atrocious. We need much greater energy and effort from BERR. The Department should be the champion and advocate of business in what are clearly some of the most difficult times ever for UK businesses. We need Ministers' 100 per cent. attention on that task

6.27 pm

**Mr. Brian Binley** (Northampton, South) (Con): I congratulate my hon. Friend the Member for Banbury (Tony Baldry) on wanting to explain the situation of business in the real world. That is one of my concerns, and I hope to make the point to the Government equally forcefully.

I pay tribute to my hon. Friend the Member for Mid-Worcestershire (Peter Luff), who as Chairman of the Business and Enterprise Committee has done a tremendous job. His speech—especially on accountability—was immensely valuable, as was the contribution of the hon. Member for Winchester (Mr. Oaten) who also made points in that respect.

I want to talk not only about accountability but about assessment and the monitoring of performance, because there is a sizeable shortcoming in the Department in assessing how the actions of Government work in the real world. I shall concentrate most on that area. It is true that the CBI and the manufacturing associations have paid tribute to an improved DBERR performance, which is to be welcomed, but the jury is out as to the Department's performance for small and medium-sized businesses—the remarks of my hon. Friend the Member for Banbury particularly underlined that point.

I want to add to my hon. Friend's comments by drawing to the attention of those on the Treasury Bench the reality faced by many small businesses. I make no apology for repeating some of the things I said in my contribution on Friday in support of the Bill promoted

*[Mr. Brian Binley]*

by my hon. Friend the Member for Mid-Worcestershire. I am sorry the Bill was not accepted by the Government at that time.

The truth of the matter is that small business faces a harsh reality that is quite unique. It has never faced such a situation before. I worked in a small business in 1979-80 and created my own in 1989-90, and both those periods were pretty harsh. But believe me, this situation is unprecedented. Small businesses face problem upon problem, and I shall give just four examples.

Cash flow is a real problem, especially when caused by a one-off debt default. For a small business, it is a massive problem when someone does not pay a bill of £5,000 or £10,000. That might not seem a lot in the great world of the City, or in the portals of the headquarters of the CBI but in our market towns up and down the country, it is the blow that puts small businesses out of business, especially if the Government's promised schemes are not forthcoming, which they are not at the moment. The truth is that the money is not getting through.

Debt repayment times are lengthening. For a small business—not in the cash business—that invoices every month and expects its money back in 35 days, the period is now extended to 60, 65 and 70 days. If businesses cannot get that working capital, that alone has the potential to put them out of business. Working capital is at a massive premium, and cash is king.

So what are businesses doing? They are reviewing staff—I said this on Friday, and I repeat it so that the current Front-Bench team can take note—and cutting staff. Small businesses with 10, 15, 20 or up to 140 or 150 people are asking themselves how they can make savings, because their working capital—their cash flow—is under great pressure. They are tightening credit controls—if they were invoicing every month, they are now invoicing every two weeks, and some are doing so every week, in an attempt to ensure that the cash flows in.

Finally, small businesses are cutting back on capital expenditure programmes, marketing and advertising budgets. All that tightening does not help the Government or the economy, because it means more unemployment, less spending and a deepening recession, and all for the sake of working capital and help with cash flow. The Government have been spreading new projects as though broadcasting or sowing in a field of corn, but most of those projects are not doing the job that the Government tell us that they are doing. The money is simply not getting through.

I urge the Government, as I have on several occasions, to tell me about their assessment and monitoring of those schemes. I have not had an answer, which suggests to me that we are not monitoring and assessing how those schemes are working. That is a major problem, and I urge the Minister to take that on board and ensure that the Government understand what is happening in the real world. Although their fine words are welcome, the fact that what they say is not being put into effect certainly is not. It is causing businesses to go to the wall.

BDO Stoy Hayward says that 33,900 small businesses will close this year. If that does not make the point that there is an urgent need, I do not know what does. Let me assure the Minister that for most small businesses there is only one game in town—survival. Their only objective is to be around this time next year. I urge the Minister to take that on board most seriously, because as BDO Stoy Hayward and businessmen in our constituencies tell us, businesses are going to the wall for want of working capital and help with cash flow.

I am concerned about the sector, and about the lack of monitoring, accountability and assessment of how well the Department is doing. Let me give a couple of examples. In 2005, 11.6 per cent. of adults in Britain were considering going into business, and the Department made it an objective to turn that into 12.3 per cent. The Department's 2007-08 report made it clear that there had been no change, but the reasons for that are simply not in the report. The Department does not know why it did not hit its targets or achieve its desired figures.

The audit report of August 2006 found that there were 3,000 national, regional and local government projects to support small and medium-sized businesses. The Government wanted to reduce that figure to 100. The report also criticised the Government for not assessing and evaluating the effectiveness of those projects. So what has happened? I have asked questions about the monitoring of the objective to cut the number of schemes from 3,000 to 100, and asked questions on three separate occasions. If Members can believe it, I phoned the Department today, and asked how many of the 3,000 had either been amalgamated or ceased to exist. I was told that the Department did not have a list of the 3,000. It defeats me totally how one can amalgamate, take over and carry out the work of 3,000 different projects if one does not know what they are. If one wants a cut to 100, it would seem essential to know the starting base. However, the Department simply does not know.

The Government can use fine words to tell us about their schemes again and again, but unless they are prepared to monitor and assess the effectiveness of those schemes, and to fine-tune them when the assessment tells them that they are not as successful as they need to be, the Department is wasting its time, and so are the Government. There is no way that they will achieve their objectives unless they know the performance of the schemes. It is no good just talking about new projects unless they also talk about the delivery vehicles, and assess and monitor their performance. The truth, however, is that that assessment and monitoring are simply not happening. I checked Lord Mandelson's speech on the new schemes that he would put in place, and it contained not one word about how he would monitor or assess their performance.

I do not have to tell you, Mr. Deputy Speaker, how vital the small and medium-sized business sector is to the well-being of our country. I do not need to tell you that most of the job creativity over the past six or seven years has come from that sector. I do not need to tell you that most of the original thinking—about 70 per cent., it is estimated—has come from that sector. I do not need to tell you that the supply chains are totally dependent on small and medium-sized businesses. For example, Airbus, in this country, employs 13,000 people directly, but it employs a further 140,000 in 400 small and medium-sized businesses throughout the country. That simple fact underlines the vital importance of the sector to UK plc.

**John Bercow** (Buckingham) (Con): I am extremely grateful to my hon. Friend for giving way, because he is presenting us with the benefit of his considerable commercial acumen and experience.

Am I not right in recollecting that somewhat over 99 per cent. of businesses employ fewer than 100 people, that those businesses account for somewhat more than 50 per cent. of the private sector work force, and that they generate two fifths or thereabouts of our national output?

**Mr. Binley:** My hon. Friend is absolutely right. I am grateful to him for further emphasising the importance of the sector, thus helping me to make my point effectively.

When we talk about small and medium-sized businesses, we are talking about a sector that will lie at the very foundation of any recovery from recession when green shoots appear. We need to ensure that that sector is as healthy as it can be, we need to ensure that it retains its skills, and, most of all, we need to ensure that the necessary structure is in place.

**Mr. Cash:** My hon. Friend may be intending to deal with this point later, but in the light of the telling figures given by my hon. Friend the Member for Buckingham (John Bercow) and in the light of his own excellent speech, does he not agree that one of the most crippling problems for small businesses is over-regulation? They complain about that almost as much as anything else, and rightly so. Is it not in the Government's gift to repeal legislation of this kind, whether it comes from their own Departments in the United Kingdom, from across the board or from the European Union, and does not the failure to do so let down small businesses? The Federation of Small Businesses, the Forum of Private Business and many similar organisations are leading in this regard, and they deserve full support.

**Mr. Binley:** I thank my hon. Friend for making that point. On a number of occasions I have called for sunset clauses to be included in every new regulation that the House accepts. I have also called on the Government to stop gold-plating, and have pointed out that they have been found to have gold-plated 62 per cent. of a number of sets of regulations. It is not only Europe that causes regulatory problems and increases the regulatory burden faced by business; it is our own Government as well. But of course we can do something about it in both quarters, and I hope that we will.

The Government have made promises about regulation, but again we have not seen the results. Indeed, we heard earlier in the debate that a supporter of the Government felt that some of the remarks made about cutting regulation were silly. I thought that a rather silly thing to say, because I know what businesses are feeling out there. They feel that they are being overburdened, week in week out, year in year out, by additional regulation that is costing them a great deal of money.

I call on the Government not only to consider the projects that they spread around, the new deals and the promises that they make to the wealth-producing sector, but to recognise that while it is easy for them to make promises, they increase frustration and cause immense concern in the business sector if they fail to keep those promises. When the Government say that something will be put into effect, businesses expect it to be in effect when the Government say that it will be. They said that their loan guarantee scheme would come into effect on 1 March, but it was not there on that date. People ask for papers and cannot obtain them: they do not exist.

I ask the Government, and the Department, to be particularly aware of the need to monitor, to assess and to fine-tune in a way that will help business, and to report to the House regularly on that monitoring. So far, they have failed to do so.

6.45 pm

**John Penrose** (Weston-super-Mare) (Con): Today's debate has centred on two crucial issues: the accountability of the BERR ministerial team to this House of Parliament, and the Government's ability to deliver and implement the various promises and initiatives that they have announced.

The debate was ably and lucidly kicked off by the Chairman of the Select Committee, my hon. Friend the Member for Mid-Worcestershire (Peter Luff), who set out the case admirably. He was followed by another Select Committee Chair—the hon. Member for Ellesmere Port and Neston (Andrew Miller), who is not here at the moment, although I am sure he will return soon—and was bolstered by others making the same points: the hon. Member for Winchester (Mr. Oaten), my hon. Friend the Member for Banbury (Tony Baldry) and, in a typically rumbustious and passionate contribution, my hon. Friend the Member for Northampton, South (Mr. Binley).

This is the crucial question relating to accountability: is the Department for Business, Enterprise and Regulatory Reform truly accountable to the House of Commons, the directly elected, most democratically legitimate Chamber of Parliament? I'm afraid the answer must be "not really". Of the seven BERR Ministers, four—more than half—sit in the House of Lords, and five are part-timers shared with other Departments. During one of the most severe economic crises in a generation, possibly in several generations, the Government have just two full-time Business Ministers. They are led, of course, by Lord Mandelson, the puppetmaster controlling policy from a safe distance in the House of Lords, where he does not have to face Members of Parliament directly.

**Mr. Angus MacNeil** (Na h-Eileanan an Iar) (SNP): I am listening carefully to the hon. Gentleman's speech. Is it his party's policy to create an elected upper Chamber, if it were ever to come to power?

**John Penrose:** I am struggling to work out how that intervention is directly relevant to the BERR estimates. Perhaps the hon. Gentleman would like to take up the point with me later.

My hon. Friend the Member for Mid-Worcestershire presented the various options that might be pursued to improve the accountability of Lord Mandelson and other House of Lords Ministers to the House of Commons. He mentioned the excellent footnote in his Committee's report stating when such a thing last happened. I understand that the Duke of Wellington was invited to answer questions here in the House of Commons. When he walked into the Chamber, the entire House rose spontaneously in a demonstration of admiration and support for the great man's abilities. I just wonder whether the same would happen if Lord Mandelson turned up here. I know that Labour Members hold him in the highest regard, and that it is their great aim to make him loved by their party. Perhaps we could try it; then we would see how they genuinely feel.

*[John Penrose]*

Before we go any further, let me say that I am sure the Minister is eager to point out that in Lady Thatcher's Government, the then Department of Trade and Industry was also led by a peer—Lord Young—for a time. The difference is that Lady Thatcher continued to ensure full House of Commons accountability by ensuring that the DTI was headed by not one but two Cabinet-level Ministers, one of whom—my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke)—is sitting next to me: one for the Commons and one for the Lords.

The comparison between then and now is not flattering. I mean no disrespect to the individual BERR ministers in the House of Commons, who I am sure are all assiduous and hard-working, but the plain fact is that their roles and authority have been reduced by this Government from one of the plum jobs in Westminster to the shrivelled and wrinkled parliamentary prune that we see today.

The second issue is delivery, and it was the subject of much debate.

**Tony Baldry:** Before my hon. Friend moves off the question of accountability, there is a second point that has been made by many Members in the Commons, which is that some of those Ministers who sit in the Commons also serve in other Departments. The future of business rates is one issue of current concern to businesses, particularly small-shop retailers. One would expect BERR Ministers at least to be advocates in that respect within Whitehall, but how can they be so if they are simultaneously Treasury Ministers, for example? They are totally schizophrenic on this issue because they seek to serve two Cabinet Ministers, which it is impossible to do properly.

**John Penrose:** I completely agree with my hon. Friend. The Chair of the Select Committee, my hon. Friend the Member for Mid-Worcestershire, made the same point, saying he thought Whitehall would work better if there were a tension between the Departments and each set of Ministers were putting across their view—not trying to reconcile internally, but batting for their own team properly.

The problem of delivery will be familiar to every business man and woman throughout the country. They can have the best, most expensive, glossiest strategy or business plan in the whole world, but it is not worth a penny if they cannot put it into practice. The Government's record in this regard is spectacularly awful. Regulatory reform has been mentioned. In 2005, the Government promised to cut red tape by a quarter by 2010. We are now just a few months away from that deadline, but the British Chambers of Commerce "burdens barometer", which tracks these things, tells us that the costs of red tape and regulation have got worse, rather than better, every year since it began.

It is not just red tape and regulation that have got worse. We are in a credit crunch, so the Government have rightly pledged to pay their suppliers promptly—within 10 or 14 days, depending on which announcement we believe—to help their cash flow. That is admirable, except that many NHS hospital trusts are, apparently, routinely failing to pay their suppliers within 30 days—far beyond Ministers' much-hyped promises.

Even worse for Great Britain plc, what about all the different loan guarantee schemes, personally announced by Lord Mandelson, which are supposed to get the banks lending again, and which the Government have launched amid huge fanfare over the last few months? I am afraid it is clear that they have stalled. The working capital scheme was supposed to be the Government's flagship measure for getting credit moving in the economy. It was announced way back in January, but as of last week it had not guaranteed a single loan. The enterprise finance guarantee scheme was supposed to help small firms. It was announced in January but, as we have heard from the hon. Member for Winchester, the Federation of Small Businesses says that only 8 per cent. of its members can find a bank that is actually offering it. The loan guarantees scheme for car manufacturers was announced in January, but the Government have only just asked for applications from firms needing help, and they have not disbursed a single penny so far. The Government's guarantee scheme for asset-backed securities was announced in January, but will not start until April. The home owners mortgage support scheme was announced last December, but has not yet helped a single family that is falling behind with its mortgage. The recruitment subsidies scheme to get people into work was launched in January, but has so far not helped anyone to get a job, and the graduate internships scheme was announced in January, but has not even got a launch date yet.

For the Government who are supposed to be the voice of business to be so weak on delivery and implementation is scandalous. As Alan Sugar has repeatedly rightly said on "The Apprentice", business men and women need to be practical. They need to be doers, not just talkers. They have to make things happen but, as this list of delay and failure shows, these Ministers and this Government are far better at press releases and glossy announcements than they are at the grubby, and often messy, business of delivery and implementation.

I suppose we should expect that from a Department led by Lord Mandelson. The PR and spin are excellent, but the follow-through is rubbish. If the Secretary of State and his team were applying for jobs on "The Apprentice", I doubt that they would last 10 minutes. The electorate of this country have reached a decision, too. Their message to this Government is very simple: "You're fired."

6.55 pm

**The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas):** I, too, welcome the opportunity this debate provides to look at the measures that the Government, and particularly the Department for Business, Enterprise and Regulatory Reform, are taking to help our families and businesses through the current difficult economic times.

It is a particular pleasure to be able to respond to a debate opened by the hon. Member for Mid-Worcestershire (Peter Luff). He made many points, and some generous comments about the Department's ministerial team. I have to say, however, that I do not agree with his points on accountability. There are many precedents for Departments being led by peers. There are also many devices to hold the Department to account—not only through the work of the hon. Gentleman's Select Committee, which I commend. There are regular Business questions in this House, during which hon. Members of

all parties can scrutinise the Department's work. I am sure that there is no Minister in DBERR who feels unscrutinised. I remember that in one 10-day period I appeared before seven different Select Committees, of both this House and the House of Lords.

I welcome the comments of the hon. Member for Banbury (Tony Baldry) about the immediate response he has received from DBERR officials when he has raised particular issues. That is a small indication of the commitment in the Department, from both Ministers and officials, to do all we can to help businesses and families through the recession.

**Peter Luff:** I will not repeat the debate on accountability, as I have made my points—although I profoundly disagree with the Minister, and think he is absolutely wrong on it.

I did not know about the helpline that my hon. Friend the Member for Banbury drew to the House's attention. He kindly showed me the letter that he mentioned. The relevant reference comes in the last paragraph of a three-page letter, the contents of the first two pages of which I was entirely familiar with. It would be prudent for the Department to draw that excellent helpline to the attention of the whole House in a single, dedicated letter just to make the point that it exists, because I did not know that it existed.

**Mr. Thomas:** The hon. Gentleman has drawn the House's attention to it, and we will certainly consider whether we need to do so further, but I am sure Members will read *Hansard* and reflect on the speeches of the hon. Gentleman and the hon. Member for Banbury.

I want to pick up one further point that the hon. Member for Banbury made. He raised the question of Ministers working across Departments. That is not a new innovation. It seeks to break down the silo mentality that can, on occasion, bedevil any Government of any colour. In a time of economic difficulties it makes absolute sense to have, in the case of my hon. Friend the Member for Dudley, South (Ian Pearson), a Minister with one foot in the Treasury and another in the Department for Business, Enterprise and Regulatory Reform. For other Ministers who also have joint responsibilities, there is the opportunity to bring, on occasion, a slightly broader view to their discussions internally.

I hope that the hon. Member for Mid-Worcestershire will forgive my saying that I was slightly surprised by two omissions from his opening comments. I am sure that he would accept that DBERR Ministers have a key role to play in continuing to encourage trade, and particularly in encouraging the avoidance of protectionism. That is another key part of the Department's work, in which Ministers are playing their part. I am sure that only lack of time meant that the hon. Gentleman could not also raise issues to do with help for families, which my Department is offering, such as the increase in support to debt advisers, the national debt helpline and citizens advice bureaux. I am sure that the hon. Gentleman and the House in general will recognise the importance of that assistance.

The hon. Gentleman asked a number of specific questions. I will deal with one of them now, and I hope to address some of the others during the course of my remarks. He asked for final clarity as to whether the enterprise finance guarantee scheme applied to Northern Ireland. I can tell him that it does; I hope that deals with the remaining confusion on that.

My hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) made a very good speech, in which he drew attention to the important work he has done in making the case for the car industry, and also his work as Chair of the Select Committee on Regulatory Reform. It was striking that the hon. Member for Northampton, South (Mr. Binley), who I hope will forgive me for saying is not the silent and retiring type, went quiet when offered the chance to attend the Regulatory Reform Committee, which is chaired so ably by my hon. Friend. I hope that the hon. Member for Weston-super-Mare (John Penrose) is not only a talker, but a doer, and will thus investigate why Conservative Members of Parliament are not turning up to the Regulatory Reform Committee—my hon. Friend alluded to that.

**Andrew Miller:** I thank the Minister for his compliments. He is making suggestions to Conservative Members, so I should say that if they did attend the meetings, they would understand that not only has the administrative burdens reduction of 25 per cent. been achieved, but it has been praised by Governments elsewhere; the hon. Member for Weston-super-Mare (John Penrose) is mixing his targets.

**Mr. Thomas:** My hon. Friend makes the point for me; I am sure that the hon. Gentleman will ensure a better Conservative attendance in future.

The hon. Member for Winchester (Mr. Oaten) made an interesting speech, in which he picked up some of the comments about accountability that the hon. Member for Mid-Worcestershire made. I recognise that the hon. Member for Mid-Worcestershire will not agree with me, but I hope that he will accept that I have addressed those points, and I shall try to come to some of his other points a little later.

As the House will recognise, the shocks that the global economy has recently experienced are unprecedented in their scale and scope. This recession was not made in Britain, but its consequences are having a profound impact on the daily lives of many families and businesses. That is why the Government have developed a number of key policies aimed at providing real help now. A series of our measures are making a real difference for many businesses and families as we speak. I recognise that there is more that not only the Department but the Government need to do—all contributions from hon. Members from all parts of the House have alluded to that—and we will do it.

Our measures include providing advice to businesses to help them weather the current economic storms and check that they are doing all they can to maximise income and minimise their costs. Almost 30,000 businesses have benefited from the business health check since it was made available. We have also provided new help to allow businesses in temporary financial difficulty to pay their tax bills on a timetable that they can afford. Some 72,000 companies have taken advantage of that new flexibility and reached agreement with Customs, and more than £1 billion in tax payments has been deferred as a result, providing businesses with real help with their cash flow.

I should also point out that we first prevented British banks from going under, with all the horrendous consequences for the British economy and, in particular, the British business community that that would have

*[Mr. Thomas]*

caused. First, we prevented Northern Rock from going under—I remind the House that the Conservative party opposed that move and then, in a perfect example of the constantly shifting sands on which their economic policies are made, they changed their minds—and we have since recapitalised a series of banks that were experiencing real difficulties. We are working hard, as the statement by my right hon. Friend the Financial Secretary to the Treasury made clear, to get the banks to increase their lending activities directly. The asset protection scheme has led to agreement with banks on lending levels; an agreement on lending levels has been put in place not only with Northern Rock, but now with the Royal Bank of Scotland and Lloyds bank, as Members who were in the House at the time will have recognised. Lending levels will be increased to help viable businesses get access to the credit that they need.

A number of hon. Members mentioned the enterprise finance guarantee scheme, which could offer up to £1.3 billion-worth of lending by banks to businesses. It is up and running and it includes all the main high street lenders. More than 400 loans—worth some £40 million—have already been guaranteed. Given the amount of interest in the scheme, I have no doubt that there will be more on offer.

**Mr. Redwood:** Will the Minister explain what the £20 billion supplementary estimate is that stands in the name of the Treasury to promote greater economic growth?

**Mr. Thomas:** I shall come to the estimates shortly. I also wish to discuss the automotive assistance package, which will help car manufacturers and their suppliers. It is up and running, having got European Commission approval. There is a mix of loan guarantees and, potentially, loans to support some £2.3 billion-worth of lending from the European Investment Bank and other sources. A number of hon. Members raised other issues that are potentially of considerable interest to those in the car industry. A further meeting with car manufacturers and their suppliers will take place on Wednesday—it will be chaired by my hon. Friend the Under-Secretary of State for Business, Enterprise and Regulatory Reform—to go through what further help the Government can offer in that sector.

I have alluded to the fact that we are also helping families who have run into financial difficulties as a direct result of the economic situation. A further £10 million has been provided to increase the number of face-to-face advisers in local citizens advice bureaux, and further help has been given to the national debtline so that telephone advice and support can be offered to people, some of whom are in very desperate circumstances. Again, that measure provides direct support and is making a real difference to families who are in trouble as a result of the recession.

I should also remind the House that I met representatives of the credit card industry to agree new ways of handling the risks facing that industry—risks that have led them, on occasion, to cause real difficulties for people who have substantial loans to repay. Such ways include a new set of principles for handling how they manage the debts and an agreement to provide a breathing space of up to 60 days for people in financial difficulties, to allow them to sort themselves out and be able to move on with their repayments.

The single biggest measure that we have initiated to help businesses and families through the recession is the fiscal stimulus, which was unveiled by the Chancellor at the pre-Budget report and opposed by the Conservative party. The fiscal stimulus package includes a cut in VAT—the largest tax cut since 1988—putting money back into the pockets of shoppers and shopkeepers; an income tax cut of £1.4 billion; a £60 payment for pensioners; new help on child benefit; and £3 billion of capital investment. That provides real help to businesses now.

I say gently to the hon. Member for Weston-super-Mare that it is a little rich to be lectured on providing support to businesses during a recession by the Conservative party, given that it was responsible for two devastating recessions in the 1980s and 1990s that cost thousands of jobs. Those recessions were directly attributable to the economic policies of the then Government. The striking thing about the Conservative party's approach, which includes opposing the fiscal stimulus, is that it is completely out of synch with the rest of the world. Doing nothing to help—indeed, it is now advocating significant cuts in public expenditure—is a reckless approach at best; it is certainly extremely dangerous. That approach is advocated by no major country.

The return to the Front Bench of the right hon. and learned Member for Rushcliffe (Mr. Clarke) was trumpeted as bringing new economic literacy to the Conservative Front-Bench team. Given that he disagrees with his leader on VAT, on whether International Monetary Fund help will be needed and on the need for a fiscal stimulus package, and that the only thing on which he seems to agree with his leader is the need for the shadow Chancellor to have some help, I gently say to the hon. Member for Weston-super-Mare and his party that now is the time to rethink their approach.

*Question deferred (Standing Order No. 54(4)).*

## DEPARTMENT FOR TRANSPORT

# Railways

*[Relevant Documents; The Tenth Report from the Transport Committee, Session 2007- 08, HC 219, on Delivering a sustainable railway: a 30-year strategy for the railways?, and the Government response, HC 1105, Session 2007-08; and oral evidence taken by the Committee on 25 February 2009, HC 233-ii, on Rail fares and franchises.]*

*Motion made, and Question proposed,*

That, for the year ending with 31 March 2009, for expenditure by the Department for Transport—

(1) further resources, not exceeding £8,244,816,000, be authorised for use as set out in HC 221, and

(2) limits as so set out be set on appropriations in aid. —*(Mr. Ian Austin.)*

7.9 pm

**Mrs. Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): I am pleased to open this estimates day debate on rail. There is no doubt that rail is great success story, but it also faces challenges related to the recession, and there are question marks over its structure and about whether it is achieving value for money. The Select Committee on Transport's report "Delivering a sustainable railway: a 30-year strategy for the railways?", which was published on 21 July 2008, considered those points, a number of which are being followed up by new inquiries.

The report considered the rail White Paper, which combines the Government's strategy for the next 30 years with proposals for the next five years in its high level output statement. It anticipates the doubling of passenger and freight traffic over a 30-year period. The Committee welcomed the growth strategy but criticised the report for lacking vision, particularly in relation to high-speed rail and electrification. It is reassuring to see how much progress has been made on both issues since the Committee's report was published. They are both of critical importance and the Committee will be pursuing them. We are pleased that studies are being undertaken, but we want to see commitment to action within a realistic time scale.

In today's debate, I want to concentrate on a number of key financial issues that challenge fundamental parts of the rail system as it operates today, as well as raising specific questions about the estimates before us. The Committee warned in its report that

"if a full-scale economic downturn were to develop, passenger numbers are unlikely to grow as fast as projected in the High Level Output Statement. This situation could jeopardise the current hard-won level of financial stability."

The latest information available from the House of Commons Library gives cause for concern. It shows a small reduction in the number of passengers in the third quarter of 2008-09 compared with the third quarter of 2007-08. The first two quarters of that year showed small increases compared with comparable periods in the previous year. If that trend continues and there is a reduction in the number of rail passengers or in the number of anticipated rail passengers, that will have major implications for the franchising system for rail services and rail finances.

Public funding for the period 2009 to 2014 assumes a 34 per cent. increase in passenger revenues. Reduced numbers of actual or predicted passengers from those anticipated when companies bid for and acquired franchises could threaten the viability of rail services and pose a serious financial challenge for the Department for Transport. It is not clear in the estimates whether the scale of that challenge has been assessed or, indeed, provided for. In those circumstances the train operating companies might seek renegotiation of their franchise agreements. They might default on premiums due or seek to increase subsidies, perhaps activating the revenue-sharing agreements that are already in place. They might try to reduce services—indeed, that has already started—or to walk away from their franchises. Concerns have already been raised about all those possibilities, and jobs in the rail industry are already being shed.

**Mark Pritchard** (The Wrekin) (Con): Of course, whatever the financial state of the train operators, they all need track to run on. As the hon. Lady will know as the distinguished Chairman of the Select Committee, Network Rail has a subsidy of more than £3 billion from the taxpayer. Does she share my concern at the reports that the chief executive of Network Rail, Iain Coucher, and two other directors, known as the two Hendersons, are to receive bonuses of up to £600,000? Would she like to put it on the record that she thinks that at this time, when Network Rail messed up big-time on Liverpool Lime Street and when there are still problems on the west coast main line, those people should not receive those bonuses?

**Mrs. Ellman:** The hon. Gentleman will recall that the Transport Committee's report roundly condemned the payment of bonuses to chief executives of Network Rail after failures. I shall return to the whole issue of efficiency at Network Rail and value for money later in my speech.

**Bob Spink** (Castle Point) (Ind): In view of the obvious problems that passengers are now starting to face—whether with car parking charges, rail fares, overcrowding or reliability—does the hon. Lady believe that now is the time to give the Office of Rail Regulation more teeth so that it can better represent the interests of passengers? It has been quite ineffective to date.

**Mrs. Ellman:** It is important for passenger interests to be recognised and I think that Passenger Focus has done a very good job, but there is a need for more action and more teeth. I am not completely satisfied that the rail regulator is the right person to do that, but I take the hon. Gentleman's general point.

How the rail companies might react in the face of recession and possibly declining passenger numbers has been raised with my noble Friend the Minister of State in the Department for Transport. He told the Transport Committee on 25 February that no train operating company had yet told the Department that it wanted to walk away, abandoning its franchise, but he did not deny that up to five red warning lights about train operating companies were flashing in his Department. He told us that the train operating companies would be held to their franchise agreements, but that it is often unclear exactly which services the train operating companies are contractually bound to provide. One issue that has raised great public consternation is the plans to close booking offices. That is a matter of convenience for passengers, but it is also related to transport safety. My

*[Mrs. Ellman]*

noble Friend informed the Committee that the Department had not agreed to go ahead with some booking office closures as requested, but there is still a serious question mark over those offices as well as over other services.

**Norman Baker** (Lewes) (LD): Can the hon. Lady confirm the information that I have heard, which is that the train operating companies have been told that if they abandon or walk away from one franchise they will be expected to walk away from all the franchises that they hold? Some, of course, hold multiple franchises. Whether that is the correct system or not, does she agree that there are significant doubts about whether there is a default mechanism in place for the Department for Transport, or any other mechanism, to run a franchise that has suddenly been abandoned? There is no expertise there to do that.

**Mrs. Ellman:** The hon. Gentleman refers to a key section of the financial arrangements between the train operating companies that hold the franchises and the Department. He raises serious issues about what would happen if one or more than one train operating company sought to enable such a change to take effect. My noble Friend the Minister of State reiterated before the Committee that his Department was the operator of last resort. It is legitimate to consider what would happen if a number of train operating companies withdrew from their franchises or were unable to follow the agreements that they have entered into. That raises big questions about how train services would operate and it also raises major financial questions. What provisions have been made to accommodate that and what credibility would there be for operators who took up the new franchises when they saw how people who did not want to continue with their obligations were being allowed to renege on the agreements they had made? Those are big, serious questions and a realistic reading of the economic situation suggests that a crisis in railways or rail funding might not be far away. I want to seek reassurance that the Department is ready for such a crisis and is ready to address it so that the travelling public do not suffer.

**Kelvin Hopkins** (Luton, North) (Lab): We have already had the experience of one franchise that was run for a little time in the public sector. During that time, it was more efficient and it produced a better service than it did in the private sector. If all the franchises collapse back into the public sector, will we not see an improvement in our railways and more efficiency? Could we not then simply take over the rolling stock leasing companies, which are now owned by the banks, which are now in the public sector, and recreate something that we might call British Rail?

**Mrs. Ellman:** My hon. Friend raises an apt question that gives much food for thought. I suspect that we will return to that issue in future—perhaps the near future, or perhaps the not-so-near future. I am sure that it will be a matter for future consideration.

**Mr. John Redwood** (Wokingham) (Con): Can the hon. Lady explain to the House the £7.5 billion increase for a non-cash resource provision under a new section for financial instruments, and does she think that that contingent liability will be called?

**Mrs. Ellman:** I am not able to explain that item in detail, and I hope that the right hon. Gentleman will address that question to the Under-Secretary of State for Transport, my hon. Friend the Member for Gillingham (Paul Clark). Given the question marks over the operation of the rail service, and given the economic climate, it may well be that a number of items will be called.

Rail fares are another important issue, and the Select Committee's report addresses the issue. Indeed, the Committee called on the Government to review their decision to change the funding balance between taxpayers and passengers so sharply. In 2006-07, Government support for the railways totalled £6.3 billion, whereas £5 billion came from passengers. Under the Government's plans, by 2013-14, those figures will have been dramatically reversed. The Government project that their support will total £3 billion, while the projected support from passengers will reach £9 billion—a dramatic increase.

If we look at the whole of the next control period, which is 2009 to 2014, we see that it is projected that Government support will total just under two fifths of the money that is expected to be raised from passengers; the former will be £15 billion, and the latter £39 billion. If we compare that with the current control period, which is nearing its end, we see that between 2003 to 2008—the last period for which figures are available—the Government more than matched the revenue raised from passengers; there was £23 billion from passengers, and £24 billion from Government. In the next control period, which is due to start at the beginning of April, the Government plan a dramatic switch from the taxpayer to the passenger.

**Kelvin Hopkins:** I thank my hon. Friend for giving way yet again. Are those plans not absolutely astonishing? We already have the highest rail fares in Europe. If there is a massive shift from taxpayer or Government funding to the fare-paying passenger, at a time when a reduction in passengers is likely, rail fares will go through the roof. It will be beyond anybody's capability to pay them. The exception, perhaps, will be those whose fares are paid for them, such as Members of Parliament.

**Mrs. Ellman:** My hon. Friend raises an important point to which I will refer a little later. In January this year, there was public outcry from passengers who experienced increases to regulated fares—ones over which the Government have some control. The increases were, on average, six or seven times the current rate of inflation, yet they followed the agreed formula. I am pleased to say that the Government have now rejected the request from train operating companies to abandon the formula when that formula might lead to fares being reduced; my noble Friend Lord Adonis informed the Select Committee of that when we questioned him very closely indeed on the issue. The formula means that regulated fares can be increased, on average, in a so-called basket of fares, by the retail prices index plus 1 per cent., although in reality that can mean increases that are six or seven times the rate of inflation. If inflation reduces next year, as is predicted, the application of the formula could mean a reduction in fares. I understand that the train operating companies made a request to the Government that the formula be not adhered to, and I am pleased to hear that their request was turned down. It was good to hear from my noble Friend that it is possible that fares will be reduced next year; I hope that that can happen.

As my hon. Friend the Member for Luton, North (Kelvin Hopkins), suggested, it is important that people are not priced off the railway. It would be a double whammy if we combined reduced numbers of commuters on the railways as a consequence of the recession with falling numbers of passengers as a result of passengers being priced off the railways as an act of policy. We should be wary of that.

**Norman Baker:** I absolutely share the hon. Lady's desire to see rail fares controlled; they are far too high, and are in danger of getting higher. There may be a different double whammy from the one that she mentions. There could be the double whammy of reduced income for the train operating companies, and a reduced number of passengers, if the recession kicks in. However, there would be the same overheads, over which they have little flexibility, although there may be a bit of flexibility at the edge, with regard to booking offices and so on. Under those circumstances, and given the architecture that is in place, is not the real danger that those circumstances make the defaulting of the franchise more likely?

**Mrs. Ellman:** The hon. Gentleman reinforces my point. His argument points to issues to do with the whole structure of the rail system and the way in which it is financed. The Government may well have to look again at the structure of our rail system and how it is funded.

My hon. Friend the Member for Luton, North, referred to ROSCOs—the rolling stock leasing companies. Those companies are already the subject of a Competition Commission inquiry. I ask the Minister whether the Government have given any consideration to the possibility that the financial institutions that fund the ROSCOs, perhaps already affected by the banking crisis, might consider retreating to their core business, thus jeopardising the future purchase of rolling stock. I do not think that that issue has been raised before, but we should at least give some thought to it in the current economic circumstances.

Hon. Members have referred to the important issue of securing value for money, a subject that the Select Committee's report addressed. It looked specifically at Network Rail. Information on its expenditure was compared to that for similar European companies. It was found that there was an efficiency deficit amounting to £263 million per annum in relation to maintenance, and one of £846 million per annum in relation to renewals. Network Rail has now accepted the rail regulator's decision to reduce the sum that it requested for the next control period from £31.1 billion to £28.5 billion—a reduction of £2.6 billion.

The chief executive of Network Rail recently wrote to me, confirming that the rail regulator has assumed 24 per cent. efficiencies in track renewals between 2009 and 2014. The letter says that Network Rail will now defer 25 per cent. of track renewals planned for 2009-10. It anticipates that there will be more efficient new plant and off-site assembly methods in place in 2010 for progressing those track renewals.

**Dr. Andrew Murrison** (Westbury) (Con): Does the hon. Lady agree that a graphic demonstration of the failure of Network Rail is the state of much of the infrastructure in and around railway stations for which it is responsible? Train operating companies have done their best in many areas to improve the state of railway stations, but they are often frustrated by Network Rail, particularly when it comes to railway bridges, which often look very shabby indeed set against a smartened-up railway station.

**Mrs. Ellman:** I am sure that there are examples of neglect by Network Rail, but while criticising it and rightly seeking greater efficiencies, we should all remember that it is infinitely better than the dreadful Railtrack, which it replaced. On the deferment of significant parts of the track renewal programme, is my hon. Friend the Minister satisfied that those deferrals are compatible with safety and efficiency considerations?

**Daniel Kawczynski** (Shrewsbury and Atcham) (Con): Pursuant to the point made by my hon. Friend the Member for Westbury (Dr. Murrison), there is sometimes a lack of clarity between Network Rail and the train operators as to which is responsible for painting, modernising and maintaining various parts of the station. Surely the Government could do more to help with co-ordination between the two.

**Mrs. Ellman:** The hon. Gentleman raises an important point. Better co-ordination is needed and, where appropriate, the issue should be addressed locally and regionally, as well as nationally.

**Sir Peter Soulsby** (Leicester, South) (Lab): I am delighted that my hon. Friend has reminded the House how infinitely better Network Rail is than its predecessor, Railtrack. Notwithstanding the enormous improvement that we have seen in the performance of Network Rail, does she agree that there is a fundamental problem with the way in which it is governed, and its accountability? There is a desperate need for an improvement in the governance structure and the accountability of the organisation.

**Mrs. Ellman:** I certainly agree with my hon. Friend in raising questions about the accountability of Network Rail and its structure. The matter was considered in the Select Committee's report. I am pleased to note that the members of Network Rail commissioned a special report to look specifically at governance, but it is a matter of some disappointment that Network Rail apparently does not wish to release the report, although I note that somehow it has made its way to the newspapers, and I do not think it will be kept secret for much longer. It is important that Network Rail review the way it is run, improve its accountability and look again at the way its members operate, and the possibility of setting up a smaller supervisory board that could exert much more control and accountability.

**Stephen Hammond** (Wimbledon) (Con): The hon. Lady rightly says that the report is likely to find its way into the newspapers, for indeed it has. A number of comments appeared in the *Evening Standard* last week. On accountability, she will have noted that the report supposedly accuses Network Rail of stuffing its board with second-rate non-executive directors.

**Mrs. Ellman:** What matters is that Network Rail improve its accountability and revisit its governance.

*[Mrs. Ellman]*

I wish to raise one specific matter in relation to the estimates before us this evening. The explanatory letter accompanying the estimates suggests that the bulk of the additional network grant—£404 million out of the £447 million increase—is a grant from the Department for Transport to Network Rail to fund capital investment. It states that the increased contribution from the Department will be matched by a reduced contribution from the train operating companies, which will pay lower track access charges, and that the net effect on the train operating companies will be nil, yet it is not clear from the estimates exactly how that will be achieved. There is no mention of reduced funding to the train operating companies in the estimates. I should be grateful if my hon. Friend the Minister would inform us how the matter is to be addressed.

In my remarks this evening, I have made a number of comments that go to the heart of the operation of the rail system in the current climate and point towards the way in which changes could be made for its future, but there is no doubt that rail has been and is a great success story for both passengers and freight, with a 40 per cent. increase in the past decade. The recession must not be allowed to set the railways back, and the Government must now rise to the challenge.

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Order. I must remind the House that Mr. Speaker has placed a 10-minute limit on Back-Bench speeches, which comes into operation now. I call Mr. Norman Baker.

7.34 pm

**Norman Baker** (Lewes) (LD): Thank you, Mr. Deputy Speaker.

**Mr. Deputy Speaker:** Who is exempt from that ruling.

**Norman Baker:** I am even more grateful, Mr. Deputy Speaker.

I followed with interest the comments of the Chairman of the Select Committee, who raised a number of important points of detail about the estimates. She also raised some fundamental issues about the structure of the industry in years to come, and I shall be interested to hear the Minister's response.

We have seen, as we will doubtless be told by the Minister in his winding-up speech, a renaissance in the railways in recent times, with passenger numbers now at their highest since 1946. In response to that, somewhat slowly but finally, the Government are moving towards the high-speed rail option that my party has been advocating for some years, and have adopted the electrification process that we have long advocated. However, I am concerned that the Department for Transport seems to be continually behind the curve and unable to deal with the problems that manifest themselves until they have been there for some time. Passengers suffer as a consequence.

In my contribution, I shall speak about the problems relating to fares, overcrowding, rolling stock, and the centralisation instincts of the Department for Transport and the consequences of that for the rail industry. It is not satisfactory—the Select Committee Chairman referred to this—for the balance of funding to be moved ever increasingly towards the passenger and away from the taxpayer. That is not sensible in economic, social or environmental terms.

Since 1997, the cost of travelling by train has risen 6 per cent. above inflation, whereas the cost of travelling by car has dropped 10 per cent. In case the Minister thinks I am particularly attacking the Government for that, I should say that that is a 30-year trend which, since 1977, has seen the cost of travelling by train rise by 52 per cent. and the cost of travelling by car fall by 10 per cent. over that period. Since 1977, regulated fares have increased by 43 per cent. on average.

According to Passenger Focus, a standard commuter season ticket now costs around twice as much as it would cost in France. My party's research shows that for £10 one can get only 26 miles from London—that is, as far as Basildon—whereas in Serbia, which I admit is an extreme example, one can get 512 miles, which is equivalent to travelling to the Swiss alps, assuming that one could get to the Swiss alps by rail, which might be possible with high-speed rail opening up.

**Hugh Bayley** (City of York) (Lab): Yes, that is the case with top-line fares, but does not the hon. Gentleman acknowledge that many cheaper fares are available? One can get from York to London for £5 if one buys the right ticket.

**Norman Baker:** It is sometimes cheaper to go to New York than it is to go to York from London, given the way that the fare structure is arranged. Even with the off-peak return ticket in the UK, £10 buys 56 miles of travel on the railways, on average, making Britain's off-peak returns more expensive than single tickets in more than half the European countries.

**Mr. Eric Martlew** (Carlisle) (Lab): I am grateful to the hon. Gentleman, who always speaks in railways debates. In the unlikely event of a Lib Dem Government, how much extra subsidy would his party put into the railways?

**Norman Baker:** We have set out in great detail in our policy paper the benefits of high-speed rail and other rail improvements. Those come down to a £30 surcharge on domestic flights—we have been very open about that—and a lorry road user charge, and we have indicated how we would get more money out of existing train operating companies. That is all in black and white. I am happy to send the hon. Gentleman a copy of our paper. We are the only one of the three parties to specify how we would pay for improvements to the railway service in this country.

**Bob Spink:** Before the hon. Gentleman moves on, does he accept that the Office of Rail Regulation speaks for passengers and that it needs to be given more teeth and needs to be more energetic in fighting for passengers, so that passengers get the better deal that he wants for the money that they have paid in fares, and for the benefit of the economy and the environment? I agree with him on most points.

**Norman Baker:** The Office of Rail Regulation does quite a good job, but it is tied by its specific legal remit, which is to look at the delivery of Government programmes set some years in advance. Even though it may want to

take account of changing circumstances, it is tied to an earlier Department for Transport policy. Its flexibility is the issue.

I have mentioned only fares, but overcrowding is also of great concern to passengers. As we know, rail travel has increased dramatically in the past few years, but the consequence has been that overcrowding—particularly on commuter trains; not only those to London, but to places such as Manchester and Bristol—is increasing enormously. Part of the reason for that is the failure of the Government and the rolling stock companies, which together constitute the architecture of the rail industry, sufficiently to predict the increase and to have in train—no pun intended—sufficient rolling stock to meet the challenge.

At the moment, there is a grotesque shortage of rolling stock. There are virtually no trains anywhere in the country, and rolling stock is cascaded from one operator to another as if in some sort of merry-go-round—Southern takes some stuff from South West Trains, and then some more carriages are handed over to First Capital Connect. There are not enough trains. There are many examples across the country of passengers being asked to travel in grotesquely overcrowded conditions. The other day, for example, I was on the train from Newport to Hereford—

**Daniel Kawczynski** *rose—*

**Norman Baker:** The hon. Gentleman may be familiar with the service. It was grotesquely overcrowded; the carriages were like a couple of conjoined sardine cans.

**Daniel Kawczynski:** The hon. Gentleman is absolutely right. Some services in Shropshire are extremely overcrowded, particularly Arriva services. How much compensation does he think travellers should get from operators if they are forced to stand during their journey?

**Norman Baker:** I am not necessarily talking about whether they are forced to stand, but the compensation regime is entirely inadequate. For example, the Government's targets measure whether an inter-city train arrives within 10 minutes of the due time or later, and whether a local train arrives within five minutes of the due time or later. As far as I can tell, there is no incentive for operators to deliver a train 11 minutes late rather than 59 minutes late. That is one example of when the compensation scheme does not work.

There ought to be a discount of a third on the ticket price if the passenger has to use a bus for part of the journey. Despite Network Rail's alleged endeavours to get to a 24/7 railway, the number of engineering works for this year is substantially the same as that for last year. As far as I can tell, Network Rail has made no progress on reducing the number of engineering works that cause people to be diverted on to replacement bus services. Financial incentives to repay passengers and force the industry to recognise the disruption that it is causing are long overdue.

**Kelvin Hopkins:** The hon. Gentleman mentioned incentives. Is there not an incentive in the industry, as it exists in the private sector, to sweat the asset, put as many passengers as possible on every train and not to provide new trains?

**Norman Baker:** I am afraid that that is the case. Many operators are reducing the number of carriages through necessity because there are none, or did so early on—perhaps three or four years ago—because it suited them better to pay less by way of track access charges.

The Government have continually said that they have ordered 1,300 or 1,400 new carriages, and the indication has been that the order is being speeded up and the carriages are being delivered as soon as possible. Announcements are made at regular intervals to tell us how it is all getting on. Yet a parliamentary answer to me from the Minister, dated 4 March, said that the last of the trains from the inter-city express programme will not come until 2018. Some of the delivery periods for the new trains are very long.

It all comes back to the statement on rolling stock that the Secretary of State for Transport made the other day. He spoke in complimentary terms, saying that the trains would be greener, more environmentally friendly and good for British jobs. We now know that the consortium was not British-led, although that is how the Department for Transport described it. It was a Japanese-led consortium, with John Laing as a minor partner. Furthermore, of the 12,500 jobs talked about, 10,000 are existing jobs at third-party companies that may conceivably benefit over the lifetime of the billed contract; even the other 2,500 jobs are disputable as the initial 70 engines and carriages are being built in Japan.

When we read the small print of the "good news" for British industry announced by the Transport Secretary, it disappeared and vanished into the ether. As far as the statement that the new rolling stock would be green and environmentally friendly is concerned, the claim was that the stock would consume less energy. That, however, is not correct: when we divide the total energy consumption based on total passenger capacity of the rolling stock, with a new, greater seat complement, we find that it is less energy-efficient than the inter-city trains that it is replacing. I mention that because, apart from the fact that it all seems expensive and that there seems to be an environmental question mark over the Government's train-ordering process, we are moving away from rolling stock leasing companies towards a more centralised ordering of trains.

The Government have made clear their dissatisfaction and unhappiness with the ROSCOs—the rolling stock leasing companies. I do not want to defend the privatisation foisted on us by a previous Conservative Government; in many ways, that failed and we are still picking up the pieces. Furthermore, the creation of ROSCOs enabled a great deal of money to be made to no real benefit, especially in the early days. But we are where we are. The Government do not like the ROSCOs and referred them to the Competition Commission, whose draft report indicated that the issue was a boomerang from the Government. The Government largely got the blame for the arrangements, not the ROSCOs. The Government's response has been to take hold of the InterCity express programme and order a train that is overpriced, not energy-efficient and does not particularly help British industry.

On top of that, last week Diesel Trains Ltd, a new rolling stock company that is owned by the state, was set up. We are told that it will produce a whole lot of new diesel trains. That is rather curious: how will that give an incentive to the ROSCOs to produce trains on spec, as they have been, in anticipation of orders? If they are to be squeezed out of the rolling stock market,

*[Norman Baker]*

they will have no incentive to build anything other than on the basis of firm orders. If they build only on that basis, when passenger numbers pick up—and they are doing so, in fact—there will be no rolling stock for the train operating companies to get hold of. That is precisely what is happening at the moment. The Government's over-centralisation of rolling stock ordering is causing a shortage of rolling stock rather than solving the problem, as the Government say they are doing.

The public sector ROSCO that I mentioned is being created by the Government in direct competition to the private sector. The hon. Member for St. Albans—

**Kelvin Hopkins:** For Luton, North.

**Norman Baker:** I beg the hon. Gentleman's pardon; I moved him down the country a little. He may be interested to know that there is such creeping nationalisation of the railways. In due course, we may have to consider restructuring the industry, but we will have to do so with our eyes open and in a coherent and structured way rather than in the hidden way in which it is happening.

**Kelvin Hopkins:** The hon. Gentleman mentioned me. I represent Luton, North; St. Albans is held by a Conservative.

The ROSCOs were ripping off the rail industry by charging up to 30 per cent. a year on the value of stock that lasts for 20, 30 or 40 years. It was a complete rip-off. I am glad to say that a state ROSCO is now being created. Would it not be sensible to bring the whole lot under state control? The Department for Transport could plan what trains we needed way ahead and we would overcome all the problems that the hon. Gentleman is mentioning.

**Norman Baker:** That way forward should be discussed; I am not, however, in favour of the stealth moves that the Government are making without necessarily thinking through the consequences. They are causing some negative consequences as a result.

**Daniel Kawczynski:** The hon. Gentleman suggests that a lot of the problems result from privatisation. Is that his opinion? If so, is he against all privatisations? As we all know, his party favours the privatisation of Royal Mail.

**Norman Baker:** We are not against all privatisations; we take each issue on its merits. To be frank, there were elements of rail privatisation that were unsuccessful. The train operating companies have largely been a success. However, Railtrack was a disaster, which has now been sorted out. Network Rail in its current form was originally a Liberal Democrat proposal, but the ROSCOs were not a successful creation. Some elements did not work, and some did. We now have to see where we are and how we can best build up the industry without throwing all the pieces up in the air and trying to restart the machine, which would cause years and years of chaos and more legislation and uncertainty.

We should try to correct the many problems that exist. My case on the ROSCOs is that the Government are making the situation worse by creating Diesel Trains Ltd without having thought through the consequences. One consequence is that there will be a relationship between train operating companies and Diesel Trains Ltd. What will be the contractual arrangement between those two bodies, given that Diesel Trains is owned by the Government? Where will be the shouts of, "Foul!" when the train operating companies object to the terms imposed on them to get their diesel trains? I see all sorts of problems.

There is also the question of whether the ROSCOs are in some way already nationalised, given the stake that the banks have in them and that the Government now have in the banks. Whether the Government are seeking to influence the ROSCOs through that process needs to be clarified. I hope that the Minister will respond to these issues. Over the past couple of years, there have been several moves on this, almost through the back door and without any clear indication what the Government's policy is, so let us have that outlined today.

One of the solutions to the rolling stock problem would be to give the train companies longer franchises. We advocate rolling franchises with a 30-year lifespan that is reviewed every five years. Providing that passenger satisfaction targets were met, the franchise would stay with the company that was awarded it. The advantages of that would be twofold: first, the train companies could look to getting their own rolling stock, thereby bypassing the ROSCOs, which could be a useful step forward; and secondly, it would enable them to plan ahead and see the financial case themselves for infrastructure improvements, which we have not seen to any large degree so far in the 10 years of this Government. For example, Chiltern Railways is effectively creating a new line between Oxford and London as a consequence of alterations that it is making to one particular section of the track, and that would not be possible unless it had the long franchise that it does.

**Mr. Martlew:** The hon. Gentleman suggests that we should have a 30-year franchise so that people could plan ahead, but then says that it would have to be reviewed every five years. I presume that it could therefore be cancelled every five years, so it would really be a five-year franchise.

**Norman Baker:** The position is clear; I am sorry if I did not make it clear to the hon. Gentleman. A franchise would be awarded for 30 years, but there would be five-year checks to ensure that the franchise conditions were being met, and if so the franchise would automatically stay with the company that was awarded it in the first place rather than being re-tendered. The alternative is what we have at the moment, whereby, for example, the Southern franchise is being re-tendered for a period of five years and eight or 10 months. With the best will in the world, what can a train company possibly do in that period other than paint the stations and sort out one or two car parks? It cannot possibly make the necessary investment.

**Hugh Bayley:** It sounds like a good idea that a company would be able to invest ahead at the start of a 30-year franchise. However, that would kill off the ROSCOs, and what would happen in the last five or 10 years of a franchise—investment would stop still, would it not?

**Norman Baker:** If the hon. Gentleman is arguing that in the last five or 10 years of a franchise investment stops still, he must be arguing that no investment takes place under a franchise at the present time. Franchises currently run for five or 10 years, so there is, by definition, only five or 10 years to go on existing franchises. That is how long they are.

**Hugh Bayley:** The hon. Gentleman cannot have heard what I said. Because we have relatively short franchises, there is another mechanism—the ROSCOs—for rolling stock and locomotive investment. If we expected investment to take place in-house within the franchise, that would kill off the ROSCOs and there would be no investment in the last five or 10 years. How would he deal with that problem in the closing stages of a franchise?

**Norman Baker:** In that unlikely scenario, it would be perfectly possible to have an arrangement whereby we had investment of last resort or had the franchise for the following 30 years awarded earlier than the expiry of the 30-year period in sufficient time for rolling stock to be ordered for the following period. The problem would be easy to get round. Although I am happy to accept that any scenario will have difficulties, I argue that the difficulties presented by my suggested solution are far less serious than the ones presented by the current arrangements, whereby no investment takes place from the train operating companies in rolling stock, or in anything much else, given the limited range of franchises.

I want to refer to the centralisation of the Department for Transport. In Ministers' efforts to improve the railways—they have got hold of where they need to be improved and invested in; I am grateful that are seeing a sea change from the laissez-faire approach of a few years ago—their instincts are to intervene more and more in small details. That is wrong in terms of rolling stock for the reasons that I have given. It is also wrong in terms of some of the timetable arrangements that are being imposed on the railways. We have just seen a new timetable produced for the Southern region that has been catastrophically ineffective and caused a record level of complaints to the train company, which is not responsible for the problems that have arisen. The problems in the Southern region are a consequence of the Government giving in, as they always do, to the aviation industry—at Gatwick in this case—so that a timetable has been constructed that suits Gatwick airport and, frankly, screws the rest of the Southern network. That is a direct consequence of the Government's intervention. They overruled the preferred timetable from Southern and from Network Rail, which should have maximised journey opportunities for those in Brighton and other areas of the south coast, including my constituency. I fear that we are moving towards a situation in which Department for Transport officials intervene to micromanage in a way that is counter-productive in terms of delivering a good railway. We need to ensure that we expand the network.

**Mr. Denis Murphy** (Wansbeck) (Lab): I support the expansion of the network. Does the hon. Gentleman agree that one of the best ways to achieve that is to reintroduce passenger rail services on lines that carry goods and services? That would probably be the easiest and cheapest way to start the process.

**Norman Baker:** I certainly agree that significant lines used only for freight could be used for passenger services. Some go to quarries, and would be less used by passengers, but others could be used in that way—for example, Exeter to Okehampton in Devon. Okehampton is not served by passenger services except on some days in summer, but there is a perfectly serviceable line that could be used for a regular commuter service.

It is not sufficient to argue, as the Government have, that expansion is simply a matter for Network Rail, which is then constrained by the Office of Rail Regulation. The ORR operates on a past Department for Transport policy and is unable even to agree, say, to the doubling of the Swindon to Kemble line, which everybody in the rail industry accepts is a sensible proposal that should be taken forward. We have not seen a plethora of new or reopened lines or stations, despite the growth in passenger numbers in the past 10 years, and those that have come have done so almost in the teeth of opposition from the Department for Transport: I am thinking of Stirling to Alloa and the Ebbw Vale line in Wales. The devolved Assemblies and Governments have been producing the lines, not the British Government here, who have delivered almost nothing in the way of improved rail connections in England since 1997. That is very sad.

As the hon. Member for Wansbeck (Mr. Murphy) said, a plethora of lines and stations should be considered for reopening. I must mention Lewes to Uckfield, of course, but there are plenty of others up and down the country. Yet it seems that the Department for Transport still has the mindset that money spent on roads is investment and money spent on rail is subsidy. We have to change that if we are to meet the environmental and economic challenges ahead. A longer franchise agreement for 30 years would enable train companies to look at what might be sensible for them to invest in without even having recourse to the public purse. Essential to that is the reform of NATA—the new approach to appraisal—which is the archaic formula that the Government use to work out the benefits of rail schemes. Under NATA, if a new rail line is opened, a calculation is made as to how many people would transfer from road to rail, and the Treasury then counts the loss of fuel duty as a disbenefit to the scheme. It is hardly surprising that lines do not open given that sort of mad economics. The Department continually underestimates the number of passengers. Stirling to Alloa, for example, has seen a massive increase, way above the projection given for passenger numbers.

It is important for the Minister to come clean on his plans for ROSCOs, on his plans for fares—giving passengers an assurance that they will not be cascaded through the roof—and on what he is going to do to tackle the overcrowding on trains and the centralisation at the Department for Transport.

7.58 pm

**Mr. Eric Martlew** (Carlisle) (Lab): On 12 February I spoke in a debate in Westminster Hall. The Chair of the Transport Committee has indicated that repeating that debate would be frowned upon, so I decided to look at an earlier speech, one that I made in a debate on the railways in this House 21 years ago. I will stay in order, Mr. Deputy Speaker.

That debate was about the closure of the Settle to Carlisle railway line. It was a very good Adjournment debate, which happened to take an hour and a half.

*[Mr. Eric Martlew]*

Some of my hon. Friends spoke, including Peter Pike from Burnley and the late Bob Cryer from Bradford, and the right hon. Member for Skipton and Ripon (Mr. Curry). The reason for the debate was that British Rail wanted to close the line, but the Conservative Government wanted to privatise it. Of course, nothing happened and it was saved. April will be the 20th anniversary of the saving of the Settle to Carlisle railway line and, hopefully, we will have an Adjournment debate about that anniversary, when we can put everybody on the back and say what a good idea it was. That was the last attempt by any Government of any colour to close a major railway line. In many ways, it was the start of the renaissance of the railways. Unfortunately, the Conservative party decided to go through the trauma of privatisation. It discounted it in the case of the Settle line, but went for the big experiment.

We have heard comments about Network Rail, and my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), the Chairman of the Select Committee, reminded people that Network Rail may not be perfect, but it is a lot better than what we had under Railtrack. I remind hon. Members about that. It cost about £8.8 million to upgrade the west coast main line.

**Daniel Kawczynski:** Billion.

**Mr. Martlew:** I thank the hon. Gentleman for correcting me: it cost £8.8 billion. The estimate given by Railtrack was £13 billion, and nobody in this Chamber believes that it would ever have been completed by Railtrack. I would like to pay tribute to my right hon. Friend the Member for North Tyneside (Mr. Byers), the Secretary of State who had the courage to put Railtrack into administration. If he had not done so, we would not be talking about a successful railway today. Hon. Members should remember that our railways have the most advanced rolling stock of anywhere in Europe, but listening to the comments from the Liberal Democrat spokesman, one would not believe it. We have the most passengers using the railways since the 1950s and there has been a massive increase in freight. That has all taken place over the past 10 years.

We are talking about a railway that is successful, but it still has problems. A very good report was published last month, called "Fares and Ticketing Study". When looking at it carefully, I found that it asked a lot of questions, one of which is: "What is the cost of a rail ticket?" The answer, of course, is that nobody knows. One day it is this, the next it is that, and if we look a bit later, we find the price has gone up again. I would like some sort of price list on the window at the station saying how much people will actually pay for a ticket. There is no doubt that the train companies are creating confusion, which is benefiting them.

My hon. Friend the Member for City of York (Hugh Bayley) mentioned that people can get a £5 ticket, and I am sure he is right, but many of us believe that it is easier to win the lottery than to get such cheap tickets. We just do not know about them. There is no transparency, but there should be. We need transparency from the train companies. The Government did a lot of work simplifying the fares this summer, because they used to be even more complicated, but we need to know their true cost. We need a system whereby the difference between the highest price and the lowest price is reduced.

On the Manchester to London line, there is now a fast, efficient train every 20 minutes. We almost have a system whereby someone can walk to the station, get the train and go—it does not matter if they miss one because they can catch the next one. However, people cannot do that because they would then have to pay the highest price, which penalises them. Even though we have a train every 20 minutes, people have to book, sometimes weeks in advance, to get a reasonable price.

**Sir Peter Soulsby:** Does my hon. Friend agree that there is a strong case for including in the franchise an obligation on the train operating company to offer the customer the very best value fare that is available, rather than, as is the case at the moment, the customer having to search hard to find that fare?

**Mr. Martlew:** I agree totally with my hon. Friend. For someone travelling from Carlisle to London, it may be cheaper to buy a single to Preston, and then one from Preston to Crewe, and then one to London. That makes no sense. If British Rail did one thing, it was to tell people the price of a ticket, and they knew what they were paying for. That is not now the case. The Government tried to simplify matters, but we have to return to this issue and give people reasonable value for money.

The Chair of the Select Committee, my hon. Friend the Member for Liverpool, Riverside, made pertinent references to the price of the tickets. I am not sure that any of us in this Chamber have yet said that we should increase the subsidy. If we are to reduce the price, or keep it the same, we can do two things: we can increase the subsidy or we can reduce the investment in the railways. The latter would be a major problem for us. It could easily be done and nobody would notice. My understanding is that the Conservative policy is to build a high-speed line from existing resources. That would mean that the maintenance of the rest of the line and the upgrade of the rest of the railways would be reduced—it is a sleight of hand. We need to decide among ourselves whether there will be extra subsidy, or whether money will come from the fare box.

During the previous debate, I made the point that there are parts of the country—my constituency is one—where people rarely use the train. Unlike London, their public transport system is made up of buses, and in urban areas those buses are not subsidised. In the big commuter areas, fares are considerably subsidised. If we are saying to my constituents, who might get on a train once or twice a year, that they should pay more subsidy to the railways so that other people will benefit, we should make that clear. But people should remember that not everybody uses a train very often.

I am conscious that I am coming to the end of my time. We have a railway that we can be proud of, but we are reaching a point where we are going to hit major problems. To get out of the recession and overcome the problems that the rail companies have, we will have to put in more subsidy. What we must not do is lose track of what we are about: creating a better railway for the future. We will get over this recession. We may have to put more money in, and perhaps later we can take it out again, but we should not start making major cuts that would mean we would not have a railway fit for purpose when we came out of the recession.

8.7 pm

**Daniel Kawczynski** (Shrewsbury and Atcham) (Con): The railway station in Shrewsbury is important because it is the first thing that many tourists see on arrival in our county town. Tourism is extremely important for us—it is our No. 1 income generator—and first impressions count. I can tell the Minister that the staff at Shrewsbury railway station are excellent. They are friendly and helpful and I pay tribute to the work that they do. They certainly make the experience of visiting Shrewsbury station more enjoyable.

We do, however, have certain problems such as weeds on the tracks, peeling paint, dirty tracks and various other aesthetic problems at the railway station. I would like to clear it up myself, during the recess. I would like to spend a few days with some volunteers clearing up the weeds and doing a bit of painting, but with all the health and safety legislation now in place, it seems quite difficult to organise. I ask the Minister whether he would agree to help me to organise a clean-up of Shrewsbury station, and whether he would join me during the recess. If he could organise that, we could both paint a few peeling walls.

I asked the chief executive of Arriva trains to come to Shrewsbury, which he did, and he said that the problem is—I made this point earlier when I intervened on the Chair of the Select Committee, the hon. Member for Liverpool, Riverside (Mrs. Ellman)—that there is misinformation about who is responsible for maintaining and looking after various facilities, even a whole structure. In certain areas, parts of a structure above 2 m high are the responsibility of Network Rail and parts under 2 m are the responsibility of the train operator. I am exactly 2 m tall, so in those areas anything above my height is the responsibility of Network Rail. That simply cannot continue. I urge the Minister to bang a few heads together at Network Rail and the train operating companies, so that there is clear accountability, and we know who is responsible for maintaining and painting bridges and other structures at railway stations.

In Shropshire, we fought very hard to get a direct rail service from London to Shrewsbury. We were the only county town—apart from that of the Isle of Wight, for obvious reasons—without a direct rail link to our capital, and my No. 1 pledge in my election manifesto in 2005 was that we would get a direct rail service. We now have that service. It is the Wrexham to Marylebone service, which passes through Shrewsbury. Again, the staff are fantastic, the trains are punctual and the service is extremely good. That brings more tourism and business investment into Shrewsbury.

However, there have been extraordinary problems with Arriva and Virgin Trains trying to scupper that service since its birth. They have used their size to try to cajole and manoeuvre the Office of Rail Regulation to put in place as many impediments as possible. I urge the Minister in all sincerity to do everything possible to ensure that such large operators are not allowed to use their size to try to snuff out competition from other important rail companies that initiate vital services.

One thing that hampers progress for people using the train is a lack of car parking facilities at stations. I am sometimes prevented from using the direct rail service because there are no spaces in the car park next to Shrewsbury station. It is shared with the post office, and there are a lot of post vans there. I urge the Minister to redouble his efforts to ensure that more investment is put into increasing the number of car parking spaces next to railway stations such as that at Shrewsbury.

**Ms Angela C. Smith** (Sheffield, Hillsborough) (Lab): Does the hon. Gentleman agree that investment in park-and-ride facilities at railway stations, so that we have an integrated public transport system, would be one of the best things that Network Rail or any train company could provide?

**Daniel Kawczynski:** I totally agree, and I hope that the Minister will take that on board.

I would like to have my traditional pop at Virgin Trains, which seems to be one of my favourite pastimes. I find its tickets extraordinarily expensive. When I use the service from Wolverhampton to Euston, I try to buy my tickets in advance and always give a specific time for travelling there and back. Sometimes I have had to run like the wind, pushing everybody aside, to get on the specified train. If a passenger misses their train by a few seconds, their ticket is null and void and they have to buy another one. There must surely be a little more flexibility from Virgin Trains in how they sell tickets. The system is extremely complicated.

Arriva operates a service between Shrewsbury and Birmingham, which I have used in the past. It is extraordinarily overcrowded during the summer months, and the windows are extremely dirty. They are sealed, so they cannot be opened, and there is no air conditioning. I have felt physically sick travelling on Arriva trains on that route in the summer months. It is an extremely unpleasant experience, and I have sometimes counted 18, 19, 20 or 21 people standing in each carriage, which is simply not acceptable in this day and age. I hope that the Minister will speak to Arriva and highlight some of my constituents' concerns about the safety aspects involved when so many people are standing.

I called Mr. Bob Holland, the then chief executive of Arriva, and kept complaining about the situation so much that he finally agreed to accompany me on an Arriva service between Shrewsbury and Wolverhampton. Lo and behold, all of a sudden, when the chief executive appeared, the train arrived on time for the first time ever. We had extra carriages and, amazingly, they served tea and coffee and sold cakes, which was an experience that I had never come across before. The whole service was extremely smooth. It took me back to the days when I visited communist Romania and everything was prepared specially for President Ceausescu, to give him a false perspective on reality. If chief executives of train operating companies really want to know what it is like on their services, they should go incognito and without announcement. When they announce that they are coming, they get a spurious understanding of what it is like to use on a daily basis services such as those run by Arriva.

I pay tribute to a group of people in my constituency whose conference I attended at Shrewsbury railway station a few weeks ago. They are people who work at the station or are associated with it who have an interest in passengers with autism. They held a conference to learn how best to look after, help and facilitate passengers with autism, both children and adults. I congratulate them on that tremendous initiative. Perhaps I will send the Minister the minutes of the meeting so that he is

*[Daniel Kawczynski]*

aware of their tremendous plan. I hope that other railway stations will follow Shrewsbury's example and do more to assist passengers with autism.

Finally, we can never be complacent about railway station facilities for people who are in wheelchairs. I often raise that point with Network Rail and the train operators. I have been MP for Shrewsbury for four years, and I am still dissatisfied with aspects of those facilities at Shrewsbury station. I will certainly write to the Minister about those concerns, and I hope he will take action.

8.17 pm

**Graham Stringer** (Manchester, Blackley) (Lab): The increasing gap between per capita expenditure on railways in London and the south-east and in the rest of the country is unjustifiable. When Ministers have appeared before the Select Committee on Transport or been asked questions on the Floor of the House, very few of them have justified that gap. In some cases, they have not known where their investment was going. Those who have attempted to justify it have used the Eddington report, which states that the rail network is good enough and that we should invest in the parts of the system where there is congestion. The problem with that approach, which is a bit like the one suggested in the Barker report on housing, is that it is fundamentally reactionary. It leads to money and investment being put where investment already exists, to the detriment of the rest of the county.

In the new ministerial team at the Department for Transport, we have a team with real vision. They have put electrification back on the agenda and are talking about High Speed 2. I am delighted about that, because transport is not just about making right what is already in place. When it is invested in properly and produces better transport, it transforms any economy. There is a need to be proactive.

There is a bit of a competition going on for high-speed routes. People are discussing whether, after Birmingham, the high-speed link should go to Manchester or Leeds on its way to Scotland. I do not want to get into that competition, because we can have our cake and eat it. The Victorians built railways at both ends of the country because they did not have the engineering capacity to get through or over the Pennines. After London, population density in the country is highest in Birmingham, west midlands, Manchester, Leeds, Newcastle, Edinburgh and Glasgow. We have got the technology to go over or through the Pennines, which would be the best route. Why do we not build a high speed link across the Pennines and kill two birds with one stone?

The other side of the coin is that we do not have to start in the south-east. We could start with the route between Manchester and Leeds and have a Crossrail of the north. We could then build high-speed links from there. That would transform the economy, and be good for the environment and transport.

**Mr. John Leech** (Manchester, Withington) (LD): The hon. Gentleman has been successful in getting good publicity in the local newspapers today for his proposal for a high-speed rail link between Manchester and Leeds. Does he propose a brand new line, or does he envisage using existing lines? Has he done any work on the impact on local services, which are often affected by improvements to inter-city services?

**Graham Stringer:** We are talking about a 20-year project. We would have to start with engineering, financial feasibility, route feasibility and so on. When considering such investment, we can afford to examine whether we go under the Pennines or use existing lines. All that must be on the agenda.

The hon. Gentleman anticipated my next point. In considering investing in high-speed routes, we should not forget that, London may have Thameslink, but exactly the same problems exist in the Manchester system, which affect the whole of the north of England. We refer to the Manchester hub, but perhaps we should say "the Irwell link" or "the northern link" to try to take the bottlenecks out of the Manchester system. While a high-speed link is built, bottlenecks need to be removed to ensure that the rest of the system works.

In a debate in Westminster Hall on 12 February, I asked the Under-Secretary of State for Transport, my hon. Friend the Member for Gillingham (Paul Clark) some questions about Salford Crescent. At column 522WH of *Hansard*, he promised me a reply, which I look forward to getting in the near future. I have not received it yet.

**Mr. Martlew:** Will my hon. Friend give way on the issue of the high-speed link between Manchester and Leeds?

**Graham Stringer:** I want to make four or five points, then I will give way.

Salford Crescent is a pinchpoint, next to where the routes to Wigan and Bolton meet. There are only two platforms, which take five trains. Salford council, the urban development company in the area and all the partners would like investment in that site so that there can be four platforms to ease congestion. That would benefit the whole of the north of England and start balancing investment between the north and the south of England. It would also be good for regeneration, and a bus station could be sited there.

My next point is about investment. High-speed rail would be good for the whole country, and getting rid of the congestion in the Greater Manchester system would be good for the north of England. The Government have said that they want to bring forward expenditure. We recently had a debate on the transport innovation fund and "congestion-TIF", as it was called. The people of Greater Manchester rejected that, but the money is still sitting in the pot. I do not see the point of leaving it hanging around for three or four years, when it will probably disappear, given that the economy needs that investment now. It should be transferred to a productivity pot for which all districts and councils in the country can bid. Otherwise, it will not be spent. In Greater Manchester, it would be best to spend it on tram links or heavy rail links to Manchester airport, which is one of the major international access points to this country. That would have an economic benefit.

**Mr. Martlew:** Obviously, I do not agree with my hon. Friend about where the railway line should go, but that is not the point that I want to make. He said that a line

between Manchester and Leeds would be good for the environment. I believe that that is a myth, because conventional trains use much less energy than a high-speed train, and nobody catches a plane from Manchester to Leeds. A high-speed line may have many benefits, but not environmental benefits.

**Graham Stringer:** Carbon dioxide costs become negative at over 200 mph approximately. There is a big change-around point at that speed. Of course, very few people fly between Leeds and Manchester, but having a route the whole length of the country would take some passengers off aeroplanes.

**Norman Baker:** And roads.

**Graham Stringer:** The hon. Gentleman is right.

My next point deals with the conundrum of expenditure on Network Rail. If one imagines British Rail with the number of passengers that now travel on the rail system, and an average of £5 billion of subsidy every year—in real terms, approximately three times what British Rail had—it would be in huge surplus. That is the first indication of inefficiency in the Network Rail system. I have asked many Ministers why rail in this country costs so much. The answer is beginning to become clearer. One obvious answer is that 100 companies are now involved in the railways, with 100 chief executives, 100 finance officers and 100 bottom lines, out of which to make profits. Obviously, that costs.

There are also perverse incentives. When lines are closed, Network Rail pays the train operating companies. If a business is to benefit from something—investment means that the railway system will be getting better for those train operating companies—it normally pays. We are talking about a perverse incentive and a perverse reward.

I guess that most people do not know the next reason for the cost of Network Rail. When Network Rail closes a line for improvements or because something has gone wrong, it puts on buses, and calls that—it is a dreadful word—"bustitution". Twelve of the 13 major rail franchises that bus companies run effectively use themselves as agents. Arriva uses Arriva; National Express uses National Express; FirstGroup uses FirstGroup; Stagecoach uses Stagecoach and so on. That means that anyone bidding does not get the bus service operator grant because it goes to the agent of the main company. There is very little control over the costs.

I have talked to representatives of bus operating companies that have been put out of business because they do not believe that they can compete with bodies that effectively award the contracts to themselves. They are told that it is a matter of quality as well as price, but when one talks to the bus drivers, one finds that the agents are paid two and three times what the competitors would charge. There is a cost to Network Rail and there is, therefore, a cost to the public purse. I have talked to several bus operators. One—Fraser Eagle—was recently put into administration. It believes that that has happened because of those unfair, if not corrupt, practices by train operating companies that also run the buses. Those are most of the points that I want to make.

I say to my hon. Friend the Member for Carlisle (Mr. Martlew) that it makes sense to run a high-speed line into the main centres of population, but that does not mean that when the line is a success, as it undoubtedly will be, we cannot have tracks running off it. We are talking about a huge investment over a long period. The £60 billion of benefits from a high-speed line that were identified in the second Atkins report will come about only if it goes to the major centres of population. Let us make that a success, and then we can have routes to Liverpool and up to Carlisle and Glasgow. We should not limit our horizons in seeing what high-speed trains can do for this country.

8.29 pm

**Mr. Stewart Jackson** (Peterborough) (Con): It has passed into folklore that the privatisation of our railways was a disastrous error, without mitigation, that it was driven not by pragmatism and necessity but by ideology, and that it destroyed a golden age—I was almost misty-eyed listening to the hon. Member for Carlisle (Mr. Martlew)—between Dr. Beeching's axe and the mid-1990s and the Railways Act 1993. There has never been any evidence for those assertions or for the lazy received wisdom of the commentariat and those with an axe to grind.

**Hugh Bayley** *rose—*

**Mr. Jackson:** I will make some progress first.

More to the point, what was the policy alternative? In the period immediately before privatisation, the number of passenger miles travelled was dropping each year. In 1980, investment in the railways was £900 million; by 2003, it was £4 billion. The state-owned monolith of British Rail would never have secured the requisite funding to invest in major capital infrastructure and the upgrading of rolling stock, signals, the permanent way and stations. British Rail was only ever an inert supplicant for inadequate state funding, under both Labour and Conservative Administrations, with poor management and planning. It could never have developed a coherent case for rebalancing our transport policy away from road freight and car use towards greater equilibrium and sustainability.

**Kelvin Hopkins:** I am afraid that the hon. Gentleman is just in error. Tom Winsor, the former rail regulator, said that when British Rail handed over the railways to the privateers, they were handed over in good order and that British Rail had worked miracles on a pittance. A report was produced three or four years ago showing that at the time British Rail had the highest level of productivity in Europe, simply because it was so starved of funds that it worked miracles on a pittance.

**Mr. Jackson:** The last two years of British Rail's existence was under a Conservative Government, when it was indeed making progress. However, I am talking about facts, not a set of value judgments, although I respect the hon. Gentleman's consistency and policy clarity on the issue.

**Hugh Bayley:** Will the hon. Gentleman give way?

**Mr. Jackson:** I will not. I will make some further progress.

Critics point to the disaggregation of the railways after privatisation, but they disregard the growth in passenger numbers and the increase in rail freight that

*[Mr. Stewart Jackson]*

followed on from those structural changes, as well as disregarding better punctuality and safety and enhanced investment in stations and rolling stock. It is an inconvenient truth that privatisation arrested a 50-year decline in freight traffic. After all, if privatisation was "a privatisation too far", the key question is: why did the Labour Government never renationalise the railways?

The political agenda of this Government from 1997 was viscerally hostile to Railtrack and, later, to the rail regulator. They pursued a policy of undermining the system of rail governance by stealth, in a quite deliberate and cowardly way, eventually forcing Railtrack into receivership and seeking to destroy it by subversion, as they had neither the political courage nor, most importantly, the taxpayer funds to renationalise the railways. In addition, despite paying lip service to the unreconstructed left on their Back Benches, even this Government had to concede that privatisation was a success. Private investment in the rail system rose by an unprecedented level, from £120 million in 1995 to £1.4 billion in 1997.

**Hugh Bayley:** Would the hon. Gentleman at least have the decency to accept that his constituency got the benefit of electrification under British Rail? Could he also explain why the then Conservative Chairman of the Transport Committee, Robert Adley, was so passionately opposed to rail privatisation?

**Mr. Jackson:** Neither of us is in a position to ask my former esteemed colleague the reasons for that. He made his views clear before privatisation and the debate on the 1993 Act.

**Hugh Bayley** *rose—*

**Mr. Jackson:** I will not invite the hon. Gentleman to intervene again, as time does not permit.

The former rail regulator wrote last week in *The Times* of his experience of "government by vendetta", as the then Secretary of State for Transport, with the connivance of the then Chancellor and now Prime Minister, used threats of primary legislation to avoid the inconvenience of contractual liabilities between Railtrack, the train operating companies and the Government. The defenestration of Railtrack in October 2001, the traducing of the independent regulator and the duplicity inherent in so much of this Government's modus operandi represented a shattering blow to private sector confidence and to the prospects for long-term investment, from which some might argue the rail industry has yet to recover.

That brings me to the east coast main line franchise, which is of particular interest to my constituents. Its current holder, National Express East Coast, won the franchise in August 2007 after the previous franchisee, GNER, was forced to relinquish it after 11 years when its parent company, Sea Containers, applied for chapter 11 bankruptcy status in the United States. National Express East Coast's franchise payments are due to grow steeply in the next five years, from £85 million to £395 million by 2015. It has already made 750 people redundant, and it is pursuing a major cost-cutting programme in addition to being encumbered by a £1.2 billion debt. In order to meet its next payment on the east coast franchise of £133 million, the company needs revenue growth of 10 per cent. and an estimated increase in passenger numbers of 4 per cent. That will need to happen against a background of falling passenger journeys and declining passenger revenues across the country in the year to December 2008.

One wonders whether any comprehensive analysis of the macro-economic impact of a recession or depression on passenger numbers, income streams, debt servicing and liquidity was undertaken by the company, the Office of Rail Regulation or the Department for Transport in August 2007. In the absence of any undertaking by Ministers to assist the train operating companies, we could be forgiven for asking two pertinent questions. First, was the east coast franchise overpriced and a product of Treasury greed and myopia? Secondly, what is the Government's plan B, if the costs prove prohibitive for the company? The medium-term financial viability of the franchisees on the east coast main line is integral to Network Rail's proposal to upgrade Peterborough station over the next few years, and that project is inextricably linked to the regeneration of Peterborough city centre and the economic competitiveness of the greater Peterborough travel-to-work area.

My hon. Friend the Member for Chipping Barnet (Mrs. Villiers) is on record as wishing to move to a culture of longer franchises in order to facilitate more stable business planning and investment and less interference in the day-to-day running of the railways by the Department for Transport. Certainly, the idea of renegotiating franchises to deliver a worse service, at the same time as increasing fares, would be the worst option to pursue, as the Campaign for Better Transport has stressed. It cannot be impossible for the Department for Transport to undertake a modelling exercise, or even a pilot programme, in which the RPI plus 1 formula is revisited and fares could be reduced.

According to the Office of Rail Regulation, ticket prices have risen by 13.6 per cent. in real terms since 1995, yet passengers consistently complain of poor service and a lack of value for money. Indeed, I am sure that my constituents who use First Capital Connect to travel to King's Cross will have been reassured by the comment of the Department for Transport spokesman, who said in June 2007 that rising fares were

"a good commercial solution to the problem of overcrowding."

Above-inflation rises in fares are a sure method of driving people back into their cars and losing their custom, possibly on a permanent basis.

My party is a strong supporter of rail, not least because it is a low-carbon mode of transport, and of enabling people to make intelligent choices other than those involving ever more car journeys. Over the past 12 years, the Government have failed to tackle the issues of overcrowding on our rail network and achieving better value for money for our railways. Why, for instance, is a walk-on train fare on average almost five times as expensive as an advance ticket? Why is our ticketing system still so complicated? If the Government are truly committed to sustainable transport—I speak as someone who represents a sustainable transport local authority—why did it take them 11 years to launch the 31 pilot schemes for station travel plans, following on from the rail White Paper published in 2007?

Are we surprised that some lines are operating at 170 per cent. capacity and that passengers are paying more for an inferior service? On a related point, there is

little evidence of any co-ordination between the planning of rail services and either the development of other transport infrastructure or large-scale housing developments in areas such as my own, the south midlands and the Milton Keynes sustainable growth area.

**Norman Baker:** The hon. Gentleman seems to be arguing against the commercial decision taken by National Express to bid as it did for the franchise, and the commercial decision to set the ticket prices that it has set, but surely those are examples of the necessary consequences of privatisation, which encourages such decisions being made in the first place.

**Mr. Jackson:** I do not agree with the hon. Gentleman. The superstructure of rail governance has been set and established by this Government at least since 2001—post-Railtrack—so it was incumbent on them to make the necessary changes.

My party has called for an overhaul and reform of the transport innovation fund in order to allow very local sustainable capital projects to be facilitated by local authorities and other key partners such as urban regeneration companies and community rail partnerships. We need to think local and to think small.

Let me finish by looking at the issue of the high-speed rail link. It has been looked at by my hon. Friend the Member for Chipping Barnet, and it is a coherent policy. Quite frankly, the reaction of organisations such as the Institute of Directors, which has sought to rubbish our proposals, has been like Pavlov's dog. The viewpoint of those organisations, and of Labour Members, has been short-termism. High-speed rail links work; they have social and environmental benefits, as well as massive economic benefits, as the hon. Member for Manchester, Blackley (Graham Stringer) mentioned. We have a coherent programme which is also costed to bring economic benefits, particularly to the north of England.

This Government have had 12 years of economic growth, built on the solid foundation of a Conservative Government, in which to tackle the endemic problems in the railways, whether they be overcrowding, reliability, fare increases or whatever. By low politics and skulduggery, they have failed to deliver what people expected of them. In so many areas, they are exhausted, bereft of ideas and resorting to stealing Conservative ideas. They have run out of steam and in 14 months' time, they will be out of office.

8.42 pm

**Mr. Mark Todd** (South Derbyshire) (Lab): The recent decision to award the inter-city express programme for 1,300 carriages to the Agility consortium has already been mentioned by the hon. Member for Lewes (Norman Baker) and I would like to expand on the subject. As he said, the consortium is based on Hitachi, a Japanese supplier, and the decision has been greeted with anger and gloom in Derby—the home of Bombardier, which employs 2,200 people in the area with a large supply chain concentrated close to the city; it is the only major rail manufacturer in the UK. Obviously, as a Member whose constituency includes part of Derby, I am concerned about that and I want to share my concern with the House. I shall develop four points in that regard.

First, the commitment to British manufacturing and technology within the Hitachi bid is, to date, extraordinarily light. It seems likely that its tender will comprise only to assembly and maintenance in the UK; the reference to 70 per cent. of jobs being here is largely based around the maintenance activity, which is already located here. No growth in employment is being offered.

If, as the Government stated in their announcement, we are to place the UK in a strong position for rolling stock supply across Europe, it is critical that any contract ensures that high-value manufacturing of the vehicles takes place here and that the technologies to support that development of the industry are based in the UK. Mere kit assembly will proffer us no competitive advantage whatever in a European marketplace. It is intriguing to note that the welding technology that Hitachi has claimed as being critical to its bid and unique to its company was actually originally developed at the Welding Institute at Abingdon. The company has certainly supplemented that technology over time, but must we see our key technologies in a sector that we used to dominate once again reliant on foreign exploitation?

Secondly, the scale of UK employment in the Hitachi bid has been questioned. Hitachi itself has not made the claim, but the Government have stated that 12,500 jobs will be created or secured. It has so far proved impossible to get close to that figure, which appears to have been based on the fact that in its bid Bombardier quoted 12,500 jobs created or protected, but the company already had a large base in the UK that the project would indeed have protected. It appears that the Government's estimate is based on the unrealistic multiple of four supply chain jobs to every one directly employed job. Most people would regard that as an exaggeration and would consider that a ratio of about 2:1 might be closer to reason.

So far, Hitachi has had limited contact with the supply chain network in the UK, and the company has specified that it is in discussion with 20 supply chain operators. The Derby rail forum, which encompasses the supply network in Derby, is far larger than that. Hitachi already has some relationships with Derby-based companies, but it seems most unlikely that the company will be able to achieve an integrated UK supply chain. There is genuine anxiety about where it will serve a large proportion of the high-value supply chain business from.

**Mr. Edward Timpson** (Crewe and Nantwich) (Con): The hon. Gentleman is talking about the fact that Hitachi does not have a supply chain in the UK. Does he agree that Bombardier does have a supply chain and that both in Derby, where trains are made and assembled, and in Crewe, where they are overhauled and maintained, we already have skilled work forces available to carry out the work for which Hitachi has been given a contract? Does he agree that awarding the contract to Hitachi does not safeguard jobs in Bombardier?

**Mr. Todd:** I agree 100 per cent. It is most unlikely that the local supply chain will enjoy the multiplication of opportunities that a Bombardier-awarded contract would have given.

My third point is that since the new Secretary of State at BERR returned from Europe he has brought valuable experience of manufacturing clusters. The principle, long established in many countries, is that businesses in particular industries cluster in particular regions. That makes the sourcing, training and retention of skilled

*[Mr. Todd]*

labour easier and the sourcing of materials and services from which no business derives competitive advantage easier and cheaper, and allows the location of shared infrastructure.

The area around Derby is the only major manufacturing centre in the UK for rail technologies. It thus has a test track for vehicles and a large concentration of supply chain businesses. Highly skilled engineers and technologists find a ready market for their skills. Without wishing to be negative, I think Hitachi appears to be considering manufacturing in parts of the country where nobody has manufactured a train for 100 years. If we are to build an internationally competitive railway technology sector, we should ensure that it has critical mass and that it concentrates its capacity as efficiently as possible. There is no case for determining location on the basis of grants that may be available or generalised labour availability.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): My hon. Friend and neighbour will be aware that the town of Ashby-de-la-Zouch has been mooted as one of the three options for assembly—the other two being Sheffield and Gateshead. My hon. Friend is dubious that 12,500 jobs will be created or sustained. Is he also dubious about the figure given by the Government that of the final delivered value about 70 per cent. will be of UK origin? Is that not the key figure?

**Mr. Todd:** I certainly share my hon. Friend and neighbour's doubts. Much more thorough disclosure is needed of the thinking behind the awarding of the contract. The data issued so far have failed to satisfy most of the questions that could be put, both about labour utilisation and the value of the contracts issued within the UK.

The fourth point is that one wonders whether the right choice has been made anyway. The full reasons for awarding the contract to Agility have not been disclosed, but I understand that price was the critical factor. Was it the case that technology differences—for example, the use of lighter vehicles—increased the initial cost of the Bombardier bid? We all accept that constructing lighter vehicles is likely to be more expensive at first, but it might gain greater efficiencies in fuel utilisation over the life of the vehicles. How was that factored into the assessment of the technologies offered by the various bids?

Were both bids compliant with the technical specification in the first place? I would welcome a clear analysis of that. Is Hitachi equipped to supply an order of such scale? I understand that it is 12 months behind on a contract delivering trains to Australia, and has subcontracted substantial elements of that work to China. Is that the sort of future that we can expect on the fulfilment of the contract under discussion?

The Government have a period to reflect on the contract before committing to it. If they must pursue the Agility tender, they should focus strongly on the manufacturing strategy that was said to lie behind that decision—ensuring high-value manufacturing, access to and exploitation of key technologies, utilisation of existing supply chain businesses and rational location choice to maximise competitiveness and quality.

8.52 pm

**Dr. John Pugh** (Southport) (LD): I recognise, as everyone does, that railways are expensive and heavily subsidised. I believe that that is partly a result of the legacy of botched privatisation, about which other Members have spoken, which leaves an unworkable and bizarre structure in place. It leads to unclear accountability, needless friction, short-termism, and virtual private monopolies such as ROSCOs.

Despite that, we all recognise that railways are needed more than ever—by the traveller, who cannot cope with road congestion; by the environment, which cannot cope with car pollution; and by the economy, given the capacity of railway to transform and boost the local economy. I agree entirely with the hon. Member for Manchester, Blackley (Graham Stringer), who made precisely that point. Like him, I am also concerned that although we appreciate the need for rail, our appreciation of that need is fairly selective.

Let us consider rail expansion and investment. London has Docklands light railway, Thameslink and Crossrail. The Government have already made a £5 billion investment in a £15 billion scheme under the most expensive real estate on the entire planet. Millions have been spent on lawyers, millions have been committed to buy off objectors, and millions will be spent on consultants. Hours and hours of Members' time—some of them are present—has already been used up on the project to join Heathrow to Canary Wharf, and to get those financiers, who do us so much good, and some other people, across London a little more quickly.

We are promised new trains, and the provision of new carriages has been announced recently. Some of those will appear—it is a matter of faith with me. But where will they go? Out of the first 1,300, 900 will go to London. London already has an excellent tube system, which is to be completely refurbished—it is a public-private partnership, it is not ideal, and we do have Metronet, but still, it is being refurbished. London has the best bus service in Europe. If the only problem London has is bendy buses, it is in an enviable position. If the only thing one has to worry about is how much the buses bend, one has worries that other people would be quite happy to have if they had a decent bus service. London will get more and more.

However, what about the north-west, which I represent —the place where the railways began and where rolling stock is the most ancient? There is not a penny to be spent in extending track in that area—not a foot and not a rail. We struggled to get freight smoothly off Liverpool docks, even though there was an unassailable case for it, and the project would have taken place at first sight in London had it been mooted. We are told that Liverpool Central station in Merseyside is suited to a modern city, although in fact it is an absolute pit and a King's Cross waiting to happen.

When we complain—and we do complain—we are reminded by the powers that be of the over-cost west coast main line. We should be content, it seems, to know that huge sums are being spent not only in London, but on getting us provincials to London, perhaps a few minutes earlier than we got there before. After all, what more could colonials like us expect? Greater connectivity between northern cities? There is not much of that. A quick journey across the country? Anyone who has

tried it will know how difficult it is. That seems to be asking far too much of our current masters. Moreover, there is no real promise of carriages for Northern Rail.

**Mr. Leech**: Is my hon. Friend aware that it looks as though the number of carriages for Northern Rail will be reduced from 182 to 142, while the number for First TransPennine will be reduced from 42 to 24?

**Dr. Pugh:** Well, there you have it. We already have some of the oldest stock in the United Kingdom. We have bus chassis on rail: that is what some of those 142s are. We also have some of the most overcrowded overground trains, particularly those coming out of Manchester. We have critical but entirely soluble snarl-ups on the network, again around Manchester.

Ours is a supplicant attitude, evident even in our approach to new schemes. In the north we have good, viable, non-anorak-type schemes, predicated on rational expectation of increased passenger numbers and increased profits—schemes that would genuinely boost local economies. I am thinking of, for instance, the Burscough curves, the Halton curves and the Todmorden curves. All those are doable with the lawyers' fees, the consultants' fees or even the tea money set aside for Crossrail. They are small schemes with big local benefits—genuine benefits.

So sad is our psychology in the north-west, however, that we do not work together on such schemes. We know that the chances of the railway raj in London helping us are not that good. We hope that it can be cajoled into possibly doing something some time, although possibly not other things. We compete for attention. The net effect is that our London masters at the Department for Transport say "You cannot expect us to do all these things," and then do none of them. They carry on laying the track in London, digging the tunnels in London, and spending the billions in London. It is a case of "Divide and rule".

Let me issue a challenge. Disraeli spoke of two nations, referring to the rich and poor. I could speak, in transport terms, of two nations, north and south. However, I can be proved wrong. All that is needed is for some kindly soul in the Department to show me one yard, or one metre, of new track in the north-west. I do not mind whether it is in Todmorden, Halton or Burscough. I will reduce the demand: I should like a train less than 20 years old to arrive in my own town, at Southport station. But I am not holding my breath.

8.58 pm

**Hugh Bayley** (City of York) (Lab): I want to explore some ideas about the role that our railways could play to help our country out of recession. The railways are vital economic arteries connecting businesses to markets, and connecting the north and west of the country to London and the south-east. As we heard earlier in the debate, they carry more passengers now than at any time since the second world war. I believe that the Government need to adopt policies that will reinforce the role that the railways can play in helping our country to emerge from recession in three specific ways. First, they need to encourage business confidence, especially in core railway businesses such as the train operating companies, Network Rail, and the infrastructure companies that build, maintain and renew the track. Secondly, they need to ensure best use of our existing assets by means of more efficient timetabling. Thirdly, they need to provide as much new investment as possible to stimulate economic activity and safeguard jobs in the industry.

These are uncertain economic times, but the Government can boost business confidence during the downturn by creating greater certainty in the industry. As has already been mentioned in the debate, two years ago GNER, a train operating company that was well regarded by both the industry and the passengers who used its services, lost the east coast main line franchise. Its successor, National Express East Coast, is doing well, but the hiatus when the GNER franchise collapsed lasted for a year and created uncertainty both in the rail industry and for businesses up and down the east coast line that rely on that railway service to reach their customers and markets.

We must remember that GNER was forced out of business, first, because its parent company, Sea Containers, ran into difficult trading conditions in north America, which faced the economic downturn earlier than us in Europe, and secondly, because it faced uncertainty over the competition it had from open-access operators. I would not want National Express East Coast, or any other train operating company, to go the same way as GNER, so I ask the Government to say this evening what they are doing to reduce the risk of any other franchisee going under during the downturn.

The Government must, of course, honour the open-access agreements that have already been agreed—such as the one to Shrewsbury, which we heard about earlier. Grand Central, a York-based company, deserves a return on the investment it has made on a direct service from Sunderland, through intermediate stations, to York and then down to London. However, open-access services are not part of the strategic rail network, unlike franchises. During a downturn, the Government should give priority to the strategic railway, and when line capacity is short, it does not make sense to award a train path to a four or five-carriage open-access train when an eight-carriage franchise train could use the slot.

I was a member of the Standing Committee that considered the 1993 Railways Bill. One of the key criticisms of privatisation was that it would lead to fragmentation, and that has been borne out in practice. We have a less integrated timetable now than we had before privatisation, and that was a direct consequence of franchising. The problem has been exacerbated by open-access services.

Since the Strategic Rail Authority was wound up, there is no office or agency with a strategic responsibility for timetabling. The basic objective of timetabling is to connect point A with point B, with a direct service if possible, and with the fewest changes where that is impossible, and for any changes that are necessary to be brisk. It is a simple principle that is used by timetablers in other European countries, but, sadly, not in our country.

The Office of Rail Regulation says it is not its job to provide a timetable; its job is to adjudicate between applications from different operating companies for train slots. Yet its recent decisions on train paths on the east coast main line have enormous implications for the timetable. As a result of awarding additional paths to open-access operators, it has postponed the National Express East Coast franchise commitment to delivering five trains per hour as a standard pattern.

*[Hugh Bayley]*

My constituent, Jonathan Tyler, argues that the ORR decision is misguided. He has done so powerfully in two recent articles in *Modern Railways*, and he advocates that the UK should adopt the same principles and timetabling tools used in other European countries. I ask my hon. Friend the Minister to look at the articles, or to get a brief from the official in his Department, Geoffrey Appleby, who is in charge of the rail utilisation strategy, about the proposals my constituent puts forward.

Let me give just one example of how railway fragmentation gets in the way of timetabling. The passenger flow by railway between York and Leeds is broadly the same as that between Manchester and Liverpool or Edinburgh and Glasgow, and it needs four trains per hour. Three trains are run at 15-minute intervals by First TransPennine Express and the fourth train is run by CrossCountry, but its train runs in between two of those others and, consequently, there are four trains in half an hour and no trains for the next half hour. Over lunch today, the Secretary of State told me that he would look at these problems. I know that Mr. Tyler has been in correspondence with Lord Adonis, and I very much welcome the fact that the Secretary of State has said that he will look at this too—I shall write to him.

The Government have a good story to tell on investment, and in an economic downturn investing in infrastructure is an effective way to create jobs and to get money flowing through into the wider economy. Franklin D. Roosevelt's new deal invested billions of dollars in public infrastructure. That lesson has been learned by Barack Obama and it should not be lost on our Government. I am glad that the Government have increased Network Rail's budget for track renewals over the next five years, but I am extremely concerned that Network Rail is planning to spend less next year on track renewals than it did this year. If it were to do so, that would make many skilled men redundant and the policy would fly in the face of everything the Government are saying about fighting the recession. I call on them to get Network Rail to think again.

I welcome the Government's decision to invest £7.5 billion in new inter-city express trains. If the preferred bidder that they have identified is appointed, I hope that 75 per cent. of the value of the contract is spent in the United Kingdom. We are told that the assembly plant for these new carriages will employ 500 train builders. My hon. Friend the Member for South Derbyshire (Mr. Todd) has questioned whether the three preferred locations—Ashby de la Zouch, Sheffield and Gateshead—are the best places in which to build the trains. The Government should look closely at the location, and the Minister will not be at all surprised when I remind him that there is a perfectly good railway carriage factory in York. If the factory, which is currently used by Network Rail, is unavailable or deemed inappropriate, I should also remind him that the York central site, which abuts the York carriage works and has directly access to the railway, is one of the biggest industrial development sites in Europe and would be an ideal place for a new plant. I have already discussed this possibility with the York inward investment board, and I hope that we will be discussing the merits of York, among the other places, with officials in the Department.

9.8 pm

**Mr. Simon Burns** (West Chelmsford) (Con): I welcome the opportunity to take part in this debate, because Chelmsford is a significant commuter town for journeys down to London. If one looks on the positive side, one can see that some significant improvements have been made over the past 20 years to the infrastructure and to the services provided to my constituents: in the late 1980s and early 1990s, a multi-million pound redevelopment and enhancement of Liverpool Street station took place; during the 1990s Chelmsford station was rebuilt and significantly improved; and, in addition, improvements have been made to the rolling stock. I recall that 20 years ago one could travel from Chelmsford to Liverpool Street during the day and although it might have been bright and sunny outside, the carriage windows were so dirty that one would have imagined it was late evening. That is a thing of the past, and we have seen real and significant improvements and investment.

There are, however, downsides that my constituents have to put up with day in, day out, the first of which is significant overcrowding on the trains. Not only is it a safety problem but, to my mind, it is unacceptable that having paid through the nose through the fare structure for the service down to Liverpool Street, they all too often cannot find a seat during the rush hours in the morning and in the late afternoon and early evening. My solution would be to have longer trains with more carriages during that period to take the overcrowding and to ameliorate that problem. Too little is being done at the moment to solve the problem.

The other issue of grave concern is rail fares. Because commuters are a captive audience it seems that there are significant increases in fares over and above the rate of inflation, so that the price of an annual season ticket for people going down to London to work makes up an exorbitant part of their salaries. Something has to be done to ensure that people get a fair deal and value for money and that they do not have to pay through the nose, year in, year out. It will be extremely interesting at the back end of this year and the beginning of next year to see what the annual increase in fares will be, given the fact that the retail prices index, as opposed to the consumer prices index, is now at 0.1 per cent. on an annual basis—the first time that we have had that situation in living memory and beyond. The regulator and the powers that be that set the fares have to think again in this unusual time of extremely low inflation to ensure that hard-pressed commuters are not penalised once more and that they do not have to pay through the nose.

The other issue that I want to raise tonight is the fact that, on environmental grounds, it would be sensible to build a new station on the outskirts of Chelmsford, somewhere between north Springfield and Boreham, to stop all those motorists who travel into Chelmsford to get the train into London when they do not live in Chelmsford. They come from the Dengie peninsula and from areas north of Chelmsford, up near Braintree and Witham and beyond. If they could go to a station there, that would relieve the traffic in the centre of the town and would provide a steadier and more responsible way of people getting on to and alighting from trains. That proposal is in the Chelmsford borough council structure plan. We can argue about and discuss exactly where a

new station should be, but I welcome the fact that it is in the plans and that it is an accepted fact that it should come to pass.

**Sir Peter Soulsby:** Will the hon. Gentleman give way?

**Mr. Burns:** I will not, because I do not have enough time.

I only hope that the current economic situation will not cause a dream that is about to be realised to be postponed through a lack of finance.

I do not want to take any longer, as I know that a number of other hon. Members want to take part in the debate.

**Sir Peter Soulsby:** Will the hon. Gentleman give way?

**Mr. Burns:** No, I will not, for the very reason I have just given.

I urge the Government to use their influence to ensure that next year, when fares increase, commuters are not used as a whipping boy because they are a captive market. They should not have to suffer, yet again, a significant increase in the fares that they have to pay without a significant improvement in the quality of the service. Severe disruptions happen too often. Sometimes, to be fair to the rail provider, those disruptions are not due to the provider but to vandalism, but we need to ensure that the overall service improves. We need to ensure that the work on the overhead electrification cables, which involves investment to replace infrastructure that is 20 years-plus old and that is out of date, is enhanced and moved along the line towards Chelmsford and beyond to Colchester more quickly and that the plans for the timetable ensure that we can all benefit from those improvements.

9.14 pm

**Ms Angela C. Smith** (Sheffield, Hillsborough) (Lab): I welcome this debate. I want to concentrate principally on the issue of investment in high-speed rail networks, as did my hon. Friend the Member for Manchester, Blackley (Graham Stringer). To some extent, I want to make common cause with my friend from the other side of the Pennines, unusual though that may seem.

It was good to hear recent announcements about the formation of the High Speed 2 company, and I am sure that we all await further statements on that topic with interest. Of course, anyone could be forgiven for finding it difficult to accept that further high-speed networks will be built until we actually see the relevant signatures on the dotted lines. To be honest, our country's history has, for decades, been one of short-term decisions at the expense of long-term investments. As Steve Richards of *The Guardian* said recently, there has been a "perverse indifference" to the issue.

However, the Government appear to be on the verge of doing something bold and exciting, and I can only urge our Ministers to stick with their instincts, and to deliver what it appears that they are promising to deliver as soon as they can. That we have moved to such a position is, in many ways, quite an achievement, given where we were only a short time ago. The Eddington report, for instance, argued that economic returns from high-speed rail in the UK were unlikely to be as large as returns on investments in alternative projects. Eddington argued that that was due to the compact geography of the UK and an extensive air network, among other things, but many disagreed with him, and their contributions to the debate have helped to lead us where we are today. Public opinion is more aligned towards the progressive position than it has been for some years, and recognises that it is right to challenge aviation as the principal means of travelling within the country. I support the third runway at Heathrow, but it is absolutely right that we challenge aviation and provide a greener alternative wherever we can.

The Atkins report argued that the economic benefit to the UK of high-speed rail would be £63 billion, and the Commission for Integrated Transport made a significant contribution to the debate. The well-respected Professor David Begg argued that

"shrinking journey times between main cities"

was

"essential if we are to deal with capacity constraints that are building up on our intercity network."

That point was well made earlier by my hon. Friend the Member for Manchester, Blackley. In other words, the capacity that was apparent in the 1970s and 1980s has been soaked up.

One option for dealing with the lack of capacity on the network would be to price passengers off the trains. It is clearly an option, and it may well be the chosen route of the train operators, but I believe, as do most progressive thinkers, that that would not be the right way forward. It would make much more sense to invest in new capacity and so free up capacity on our existing network. Given the increasing pressure on our highway network, would it not make much more sense to get more passengers and more freight off our roads and on to our trains? After all, as Professor Begg has pointed out, increasing congestion on our roads is leading to reductions in average travel speeds, and that, of course, has a negative impact on economic activity. Surely common sense, if nothing else, needs to prevail; we need to recognise that the only way out of the situation is to build more and—this is the key point—better railway capacity.

The Northern Way is the other organisation that has made the case for high-speed networks for both the east and west. I now come to the point on which I do not entirely agree with my hon. Friend the Member for Manchester, Blackley. The Northern Way—a group of regional development agencies—argues that we need high-speed routes up the east and west coasts, linked by the trans-Pennine route. It predicts that such an investment would have an economic impact of £10 billion on the economy of the north.

All in all, then, there is a powerful economic case for high-speed rail, which could help to rebalance our economy by encouraging the integration of our regional economies. As I pointed out in a debate in Westminster Hall the other week, we talk a lot nowadays about rebalancing our economy by developing our manufacturing base, but I believe strongly that we need to do so by considering not just whether we need more manufacturing and less of a financial services sector, but whether we develop the economy of the north and the rest of the country, and balance those regions with London and the south-east.

*[Ms Angela C. Smith]*

However, the environmental case is powerful too, for only a reliable fast rail network offering a comfortable journey at a reasonable price will be able to compete against the car and the plane. I echo entirely the comments of my hon. Friend the Member for Carlisle (Mr. Martlew) about the inconsistencies and the difficulties experienced by passengers in getting the best deal on the trains, and the disincentive that the current fare structure presents for people who make a last-minute decision to hop on a train. They find it much easier to get in the car to make that journey, because the cost of travelling on the train at the last minute is prohibitively high.

A modal shift is critical to our environmental and economic future, and I therefore call on Ministers to commit the Government to this vision for our rail network. Economically, socially and environmentally, that is the right thing to do. That vision should include in the first phase of High Speed 2 the reopening of the trans-Pennine link, preferably based, as everyone would expect me to say, on the reopening of the Woodhead line.

The Woodhead line runs deep in the hearts of most railway commentators. I have had letters from up and down the country on that subject. It was the first line in the country to be electrified and it provides a fast link of just 35 minutes between Sheffield and Manchester. It would be the best option environmentally for a new trans-Pennine link because the environmental impact of reopening that line would be much less than that of building a brand new link between, say, Manchester and Sheffield, or elsewhere.

There are other things that we need to do. Before we start investing in the high-speed network, we need, for instance, to sort out the logistical problems that dog Manchester's rail network. It might seem strange that a Member representing Sheffield should support Manchester in wanting to get its problems sorted, but the problems of Manchester impact on every major city in the north. We need the Manchester hub, and we need it quickly. Progress in the north cannot move forward much further until that is resolved.

We need the electrification of lines such as the Great Western and midland main line, in order to bring cities such as Leicester, Derby and Sheffield closer to London as soon as possible. The journey takes two hours and seven minutes at best from Sheffield to London, but Sheffield is the UK's fourth largest city. We could bring the journey time below two hours, but there are still certain times of the day when it is more like three hours. We need to make progress in that respect.

In conclusion, although I welcome many of the proposals to improve rail services in the medium to long term, there are many things that the Department for Transport can do in the short term. By improving the quality of stations and providing safety and disability access measures, we can improve the travelling experience for train passengers. I commend my right hon. Friend the Secretary of State for making available £35 million for such upgrades. I am delighted that upgrades are in the pipeline for stations on the much used Huddersfield to Sheffield line, which is one of those sardine-tin lines that is packed for most of the time that the rolling stock is in operation. Investment is promised for Penistone, Silkstone Common and Dodworth. More of this type of short-term investment would be good for our railways and provide a useful stimulus to our ailing economy.

Finally, with reference to Sheffield being shortlisted for the new inter-city rolling stock, it would be wrong to underestimate the city's history of railway component making and manufacturing, or its capacity to deliver that new stock.

9.24 pm

**Mr. Denis Murphy** (Wansbeck) (Lab): I will be as brief as I can. As part of the argument for an expansion of the rail network, I draw attention to the Ashington, Blyth and Tyne railway line, which is a fully maintained, operational, mostly double-track freight line that last saw regular passenger services in the 1960s. It forms an important part of our regional network. The main trunk runs from Newcastle through Northumberland Park, which has a Metro station connection, then to Seghill, Seaton Delaval, Newsham—for Blyth—Bebside, Bedlington and Ashington. There is a further branch, which runs from Bedlington, through Choppington, connecting back to the east coast main line at Morpeth. There are other freight branches to the Alcan aluminium smelter and the port of Blyth.

Supported by other funding partners, the North East assembly has already completed a technical report into restoring passenger rail services on the line. The report concluded that there would be a one-off cost of £4.1 million and an annual operating subsidy of only £50,000 per annum for an hourly service to Newcastle until early evening—or of £100,000 per annum for a half-hourly service until midnight, which is our preferred option. No extra rolling stock would be required as, instead of waiting 30 minutes at Morpeth, the train would continue along the line to Bedlington. That would double the train frequency and provide a service until midnight for both Cramlington and Morpeth.

The proposal to open the main section of Ashington to Newcastle via Northumberland Park was the subject of a technical study funded by Nexus. It concluded that an hourly service was easily achievable in addition to existing freight traffic. The study did not examine capital costs, revenue or operating costs, but as Ashington is a much larger community than Bedlington and its station is in a prime town centre position, it can be assumed that patronage and revenues would be much higher if Ashington were included.

A Network Rail guide to railway investment projects 3 study, or GRIP 3 study, on the prospect of restoring passenger rail services from the Metro centre outside Newcastle into Ashington has just started. At the same time, a freight operator has requested a study on significantly increasing freight movement on that line. A new coal-fired power station is proposed for north Blyth; it would require 6 million tonnes of coal per year and approximately 3 million tonnes of that would come in on the rail line.

I conclude by asking the Minister to consider the request to reopen the railway to passenger rail services and by informing the House that my right hon. Friend the Secretary of State has agreed to visit Ashington and Bedlington to see for himself the benefits that that would bring.

9.27 pm

**Kelvin Hopkins** (Luton, North) (Lab): I am very short of time, so I cannot do justice to my theme of rail freight. I strongly believe that we need heavy investment in dedicated rail freight and in infrastructure linking

the channel tunnel to Glasgow. With colleagues from the rail and haulage industries, I have been supporting the EuroRail freight route scheme for some time. We have a detailed, worked-out scheme, and I am glad to say that we have put it directly to the Secretary of State and the Minister with responsibility for railways. They know the detail.

I want to emphasise that the issue of rail freight is underplayed by the Government. The rail White Paper allocated only £200 million for rail freight over a five-year period. That is a tiny amount of money—just one eightieth of the proposed spending on Crossrail, one fortieth of what has been spent on west coast main line modernisation and half of what will be spent on modernising Birmingham New Street station. It is a tiny amount, and the Government are not taking rail freight seriously.

If we want those major economic regions in Scotland, the north and the midlands to be linked to the continent of Europe, a dedicated rail freight line going through the channel tunnel to those regions is vital. The existing routes cannot take double-stack containers and most cannot take full-size containers. They cannot take lorries on trains. They will not be used by hauliers without regular services accessible through terminals close to motorways; hauliers could load their lorries and get them delivered to Dortmund, Rome or wherever the next day. That is what we need and we have to invest in it.

We estimate that our detailed scheme would cost £4 billion—a tiny fraction of what would be spent on a high-speed passenger service, and of what is being spent on many other schemes. I would have liked much longer to speak about the scheme. I have just touched on it, but I hope that the Minister will take note.

9.29 pm

**Stephen Hammond** (Wimbledon) (Con): On 12 February, we spent a full three hours in Westminster Hall debating the Select Committee's report, when several interesting points were put to the Minister—some of which have been reiterated tonight—and several questions were asked of him. I hope that he might answer some of those in his speech. Tonight we have had the chance to range a little more widely.

Let me start with the question put to the Minister by my right hon. Friend the Member for Wokingham (Mr. Redwood). The estimates book states that £7.5 billion out of the total £23.5 billion relates to financial instruments. Does that not create a huge risk? I understand that these estimates involve Government guarantees against London and Continental Railways, Network Rail debt issuance and the Air Travel Trust fund. To enable the House to assess the risks attached, can the Minister confirm when those guarantees were put in place, for how long they will extend, and what risk analysis has been undertaken; and will he put into the Library the probability analysis that was undertaken by the Department prior to making a risk assessment?

I want to refer to the White Paper, "Delivering a Sustainable Railway". It is unfortunate, to say the least, that less than two years after the publication of that so-called 30-year strategy, it is already out of date and falling to pieces. It is no wonder that the Select Committee concluded that

"the Government should seek to develop a genuine 30-year rail strategy",

for the document that they produced is clearly not that. At the time of its publication, it was rightly lambasted by all industry experts for its lack of vision and detachment from reality. Where does one start? It was over-hyped by the then Secretary of State; it has ultimately proved to be visionless; and although the high-level output specification contained many good things, they were, like so much from this Government, recycled or double counted, and the new things have yet to materialise.

So what, in reality, did the White Paper contain? There was the re-announcement about Birmingham New Street and Reading, there was £100 million for all station improvements outside London, and there were the much-vaunted 1,300 carriages, which went from being "new" to "extra" carriages, and all of which had been announced by the two Secretaries of State prior to the Secretary of State at that time. Quotations about "Delivering a Sustainable Railway" include:

"The level of ambition is too modest";

"We urge the Government to be bolder";

"It is deeply disappointing the Government dodged";

"Hesitation means years of avoidable misery";

and

"The white paper dismisses electrification too easily".

Those are not my words—they come from the Select Committee report. In the end, one is forced to conclude that the Government's 30-year strategy was an expensive waste of paper and printing.

In the less than two years since the strategy was produced, it has been seen to be wanting. The White Paper's dismissal of high-speed rail and electrification has been rendered obsolete by the Government's U-turns. On high-speed rail, the new Minister of State has clearly reversed the catastrophic opposition of the then Secretary of State. It is a shame that the Government's plans for high-speed rail are rather less extensive than those announced by the Conservatives. The plans are so far uncosted, and we do not know where the trains are going to start from or go to.

**Mrs. Ellman:** Should the hon. Gentleman not be praising the Government for changing their position on high-speed rail, and should he not recognise that that is at least partly a consequence of the Select Committee's report?

**Stephen Hammond:** I certainly praise the fact that the Government have joined the Conservative party in recognising that, like so much they have done on the railways, they have got it wrong and we have got it right. I do not know whether that was due to the Select Committee or the announcement that we made prior to that of the Select Committee. The hon. Lady will know that my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) announced our investigation in 2007, and our policy in 2008.

**David Taylor:** Would the hon. Gentleman find it surprising to be told that those looking in on this debate would reflect on the appalling legacy that was left to this Government in 1997 and assume that the Opposition would need industrial-strength chutzpah by the shed load to expect to be taken seriously on this issue, when a long period of silent contrition would be more appropriate?

**Daniel Kawczynski:** But the Conservatives will inherit a bankrupt economy.

**Stephen Hammond:** My hon. Friend is right: we will inherit a bankrupt economy, and given the fiasco of British Rail left by the previous Labour Administration for the incoming Conservative Government in 1979, history may not treat the comments of the hon. Member for North-West Leicestershire (David Taylor) that kindly.

**Mr. Stewart Jackson:** Does my hon. Friend not think that it is a badge of shame for this Government that when questioned last year it would seem that not one civil servant in the Department for Transport was allocated the task of looking at high-speed rail? In fact, after 11 years of Labour Government, we have just 113 km of high-speed rail, while France has 1,900 km.

**Stephen Hammond:** Indeed I do. The fact that no civil servants were looking at high-speed rail was confirmed by the then Minister responsible for rail, the hon. Member for Glasgow, South (Mr. Harris). My hon. Friend's point is absolutely accurate, and like him I might conclude that the Government have finally joined us in our far-sighted policy.

The capacity shortage on the network should be the top priority for the industry. The Government's attempts to tackle the shortage have been misguided and totally inadequate, which was borne out by the evidence taken by the Select Committee. In its report, the Committee said that it was concerned that the Government were failing to deal with the concerns of the industry. It recommended that the Department revise its method of costing rail patronage, and it said that the Government's approach to increasing rail capacity was over-cautious. That may be one word for it, but I bet that the commuters from the constituency of my hon. Friend the Member for West Chelmsford (Mr. Burns), of whose struggle he spoke so eloquently, do not use the word "over-cautious". A stronger, more unified strategy for tackling overcrowding and keeping costs down is urgently required. That will help to take the pressure off rising fares, and more importantly, it would drive better value for money for the fare payer, the taxpayer and the traveller.

Hon. Members have raised a number of points tonight, but we have spent a lot of time listening to comments about the extra carriages, which are clearly the key to delivering extra capacity in the short term. The high-level output specification outlined 1,300 extra carriages, and we would welcome that. But are they new? How many of them are new? How many are cascaded? How many of them have actually been ordered? Will Thameslink phase 1 be delayed? How many carriages will be delivered and when? The process is close to a shambles.

On 12 February, the Under-Secretary of State for Transport, the hon. Member for Gillingham (Paul Clark) said that all of the carriages would be in operation by 2014, but let me illustrate the shambles that the Government have made of this matter. Last week, I had a response to a written question to the Secretary of State. I asked him the timetable for ordering the remaining 877 carriages, which were referred to in the 2007 White Paper. Some 423 have so far been ordered. I was told in the answer that the new train orders will be placed as follows: 120 for National Express East Anglia, 88 for London Midland, 202 for GoCo, 140 for South West Trains and up to 1,300 for Thameslink. That is all very well, and superficially that answer might sound sensible. However, the Minister will remember that his predecessor told us that the Thameslink vehicles were not part of HLOS. When I asked the Minister about the 877 vehicles that had not been ordered, he detailed only 550. According to the rolling stock plan, South West Trains was to have only 105, not the 140 specified in that answer, so perhaps the Minister would care to tell us which is correct, his answer or the rolling stock plan. As the hon. Member for Southport (Dr. Pugh) said, there has also been a change in the rolling stock plan for the vehicles that were due to go to Northern Rail.

Will the Minister clarify which of the class 323 carriages will be new and which will be cascaded, and to which operators? I still do not believe that anyone knows what the promise of 1,300 carriages really means. Even by the Department for Transport's lamentably low standards of responses to questions, the one that I have mentioned must be regarded as inadequate and poor.

The shambles is further highlighted by an answer that Lord Adonis gave. He stated:

> "The Department for Transport does not determine the amount of rolling stock for First Great Western...or any other train operator."—[*Official Report, House of Lords*, 4 November 2008; Vol. 705, c. WA43.]

That is palpably absurd, because the Under-Secretary of State for Transport, the hon. Member for Gillingham, gave me a written answer that contradicts it. It is nonsense also because the Department now has an updated rolling stock plan which, as Lord Adonis concluded in the same answer, envisages an extra 52 carriages for First Great Western. In one sentence he said that the Government did not intend to tell any operator where carriages should go or how many they should have, and later in the answer he told us exactly how many First Great Western would have. The DFT is controlling procurement, and it is doing so shambolically. Will the Minister clarify exactly where all the carriages have gone?

A number of contributions to the debate have been about the inter-city express programme. The Minister might at least explain something about that. When the Secretary of State announced the IEP, he talked about the 12,500 jobs that would be safeguarded or created. Hitachi has confirmed that its initial investment in the United Kingdom will create 200 jobs, which is likely to rise to 500. To be generous, there might be 2,000 maintenance jobs. That makes 2,500 of the 12,500. When my hon. Friend the Member for Chipping Barnet asked the Secretary of State on 12 February whether he could explain where the other 10,000 would come from and how many of them would actually be created or safeguarded, there was no answer. The suspicion across the House and among the railway commentariat is that, like so much of the Government's policy, those 10,000 jobs are actually just another example of double counting.

There have been speeches about high-speed rail in the debate. For far too long it was absolutely clear that the Government had no interest in high-speed rail. When the right hon. Member for Bolton, West (Ruth Kelly) was Secretary of State, she said that it was "risky and expensive" and would not help to meet passenger

demand. That was clearly seen to be wrong, and how things have changed, led by the Conservatives' innovative announcement last week. I am pleased to see that the Government have finally seen the light, and I welcome the fact that the hon. Member for Manchester, Blackley (Graham Stringer) has been converted to our policy and supports the Conservative party's plans for high-speed rail to be built, in phase 1, from London to Birmingham, Manchester and Leeds, and then in later phases across the whole country.

Tonight, we have had the chance to examine, all too briefly, some of the Government's plans for the railways. Their 30-year rail strategy has been proved palpably inadequate, the Competition Commission's findings about their rolling stock procurement policy have been scathing and there have been major failings in Network Rail that we have not had the chance to touch on. The Government's policy towards rail is both shambolic and ill-prepared.

9.44 pm

**The Parliamentary Under-Secretary of State for Transport (Paul Clark):** We have had a wide-ranging debate, with substantial contributions from many hon. Members. However, it is interesting that, at the outset of his speech, the hon. Member for Wimbledon (Stephen Hammond) could not bring himself to acknowledge the work of the Transport Committee or to congratulate my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) on her work as Chair. I would like to put my congratulations to her on the record.

Contributions included bids for additional funding in several different ways and bids for investment in specific constituencies, which is understandable. Some contributions frankly disregarded any changes in the past 10 years or any improvements to our rail system.

We all know that good transport networks are essential to people's everyday lives and to the health of the UK economy. That remains true, especially in today's challenging economic conditions. That is why the Government remain committed to substantial investment in our transport system.

We have therefore led and promoted several major long-term infrastructure projects, which will provide a major boost to our economy. We are investing £15 billion between 2009 and 2014 to increase capacity for up to 183 million passengers a year. For the long term, our aim is a rail network that can carry double the current number of passengers.

However, in spite of the record investment, people's increasing demand for travel means that in many places, our transport infrastructure is operating at, or near capacity. We need not only to address the problem, but to do so in an environmentally sustainable manner.

Rail already has an impressive and established record of being a highly sustainable form of transport. Carbon emissions from rail are around a third of those for road transport. Electric trains in particular are not only cheaper to operate than diesels, but emit far less carbon. That is one reason for the further work on the case for electrifying the busiest parts of our network, including the Great Western main line and the midland main line, with decisions to be announced later this year.

Some hon. Members referred to times gone by. Thirty years ago, the railway was being written off as an expensive, outdated and declining mode of transport. Times change—thanks to the substantial investment that we have made, Britain's railways have enjoyed a spectacular renaissance.

Some hon. Members claimed that the railways had improved because of privatisation. I well remember in 1997 that the railway lines in my neck of the woods suffered from gross under-investment, were unreliable and had rolling stock from the 1960s and 1970s. *[Interruption.]* That is not nonsense.

Our rail network now carries more people and more freight than at any time in the past 50 years, and performance continues to improve. In the past year, 90.8 per cent. of passenger trains arrived on time. It is important that that improvement continues. The Government have, therefore, specified an improvement in reliability to 92.6 per cent. by 2014. In addition, we are specifying 25 per cent. reductions in delays of more than 30 minutes.

As I said, passenger numbers have grown around 40 per cent in the past 10 years. That is why we are going to such lengths to upgrade existing track. We want to tackle the major problems that we identified for the control period to 2014: overcrowding and capacity. That is our main focus between now and 2014, and that is why we have upgraded the existing track, as on the west coast main line, as well as investing in new trains. *[Interruption.]* I will come shortly to the number of carriages, which was raised by the hon. Member for Wimbledon and others.

We are investing £5.5 billion in the Thameslink scheme, which will deliver greater frequency and capacity across London services and more than 14,000 more seats on some of the most congested routes in London. Crossrail will give commuters to the east and west of London direct access to the heart of the capital and mean that 1.5 million more people will be within an hour of London's business centres.

Some 1,300 extra carriages are to come into service between now and 2014. The hon. Member for Lewes (Norman Baker) referred to the grotesque shortage of rolling stock, as did the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski). Those 1,300 extra carriages will go to some of the areas suffering from the worst overcrowding; indeed, 423 additional carriages have already been ordered, before the control period has even started. That is a sign of the Government's decision to press on with procurement. All those carriages will be in place by 2014.

I can confirm that the 423 new carriages to be delivered between 2009 and 2011 will be distributed as follows: 92 to Southern; 217 to London Midland; eight to Chiltern; and 106 to Virgin West Coast. That means that 423 have already been ordered. Invitations to tender have been issued for a further 320 vehicles and officials are currently in commercial discussions with train operating companies to secure the remainder, after which we will announce where those additional carriages will go.

**Stephen Hammond:** Can the Minister tell the House whether the remainder, minus the 300—I think—that he has just given us, is the 550 that he cited to me in a written answer or the 877? He never seems to be able to clarify exactly which one he is talking about.

**Paul Clark:** I have just laid out clearly—I do not know whether this is difficult to understand—that 423 of the 1,300 carriages have already been ordered, that invitations to tender have been issued on 320 and that we are discussing the rest. *[Interruption.]* My right hon. Friend the Secretary of State for Transport asks from a sedentary position which ones the Conservatives would cut as a result of the £840 million of cuts that would be made in three weeks' time if the hon. Gentleman were in power.

**Stephen Hammond** *rose—*

**Paul Clark:** I will not give way, because I want to cover the points raised by other hon. Members.

My hon. Friend the Member for South Derbyshire (Mr. Todd) mentioned the inter-city express programme, as did the hon. Member for Lewes and others, including the Chair of the Select Committee. We have set out a £7.5 billion investment programme to replace the existing, ageing inter-city trains. The benefit for passengers will be substantial, with 21 per cent. more seats available on longer trains and shorter journeys. Typically, the journey time will be shortened between London and Leeds by 10 minutes, between London and Edinburgh by 12 minutes and between London and Bristol by 10 minutes.

I am delighted that Hitachi has committed to build a new manufacturing plant here in the UK; indeed, I have heard the bids from my hon. Friends the Members for City of York (Hugh Bayley) and for Sheffield, Hillsborough (Ms Smith) and others. We will ensure that those commitments are delivered as soon as possible. However, I would say to right hon. and hon. Members that safeguarding jobs is as important as getting new jobs. It is important that we ensure that those jobs remain. It is not a question of the Government micro-managing the process, because there is substantial work to be done, never mind the long time that it takes to design and deliver the programme. Indeed, the trains will be used by a number of different operators.

I note that the representative from Unite, Bob Rixham, who had met Hitachi's European chief, said:

"The undertakings Hitachi have given mean they are here for the long term and, if so, we would be crackers not to welcome a second big player in train manufacturing in Britain."

That is an important point to bear in mind. The evaluation of the bids was based on an assessment of compliance, delivery and value for money. Those criteria were published on the DFT's website. Of course, the content of the bids remains commercially confidential.

On investment, a new rail line beginning in London and going to the west midlands, approaching London via a Heathrow international interchange, creates the potential for faster journeys to the north and Scotland. That is why we have set up a new company—High Speed 2—to consider all the options and possibilities, recognising the need to move forward beyond 2014.

My hon. Friends the Members for Luton, North (Kelvin Hopkins) and for Carlisle (Mr. Martlew) spoke about rail freight, to which we remain committed. In the past 10 years, the amount of freight carried by rail has increased by some 60 per cent., with goods such as drinks and groceries now being carried by rail alongside the traditional fare of bulk loads such as coal and aggregates. We are planning £200 million for the strategic rail freight network, which will be capable of handling more and longer trains. The campaign by my hon. Friend the Member for Luton, North for a dedicated rail freight line is well known.

The Transport Committee dealt in some detail with the engineering works over the new year in 2008. Network Rail is accountable to its members for its performance against its business plan, and to the independent Office of Rail Regulation.

**Daniel Kawczynski** *rose—*

**Paul Clark:** I will not give way, because I wish to cover a number of points, including some that relate to the hon. Gentleman's contribution.

The disruption experienced by passengers and freight customers on the west coast main line in early January last year was unacceptable.

A number of Members asked questions about the bonuses for Network Rail. They are a matter for the company's remuneration committee, and not for the Government. They are set out in accordance with criteria set out in the management incentive plan. Having said that, my noble Friend, Lord Adonis said in another place:

"I am sure that that House would expect Network Rail's remuneration committee to be mindful of the public mood on bonuses and not to award bonuses that the travelling public would consider unjustified by their own experience of Network Rail's performance."—*[Official Report, House of Lords,* 2 March 2009; Vol. 708, c. 498.]

Questions were raised about the economic downturn. It is bound to affect passenger numbers, but, thanks to record levels of growth and investment, we are confident that the rail industry can remain competitive in these challenging circumstances. However, under the current regulatory system, the risks and rewards of the rail industry are shared between the operators and the Government. Most franchises are set up to ensure that operators are supported during periods of economic slowdown and, in turn, share their profits with the Government at times of strong economic growth. I would say in response to my hon. Friend the Member for Liverpool, Riverside that the independent Office of Rail Regulation has robust powers to enforce the licences of Network Rail and the train operators. On track maintenance, I can assure the House that we are carrying out careful inspection to ensure that track renewals undertaken by the private contractors meet the required standards.

A number of Members raised questions about the regulation of fares. We have already made it clear that, come January next year, the use of the retail prices index plus 1 formula, and the impact of a negative RPI in July, means that we will allow fare prices to fall. This was confirmed by my noble Friend Lord Adonis.

In conclusion, we have a rail network that has been a remarkable success story over the past 10 years, with more passenger numbers than at any time since the second world war and regular investment. I commend the estimates.

*Question deferred (Standing Order No.54(4)).*

*The Deputy Speaker put the deferred Questions (Standing Order No. 54(5)).*

## SUPPLEMENTARY ESTIMATES 2008-09

### Department for Business, Enterprise and Regulatory Reform

*Resolved,*

That, for the year ending with 31 March 2009, for expenditure by the Department for Business, Enterprise and Regulatory Reform—

(1) the resources authorised for use be reduced by £1,870,622,000 as set out in HC 240,

(2) the sums authorised for issue out of the Consolidated Fund be reduced by £101,255,000 as so set out, and

(3) limits as so set out be set on appropriations in aid.

### Department for Transport

*Resolved,*

That, for the year ending with 31 March 2009, for expenditure by the Department for Transport—

(1) further resources, not exceeding £8,244,814,000, be authorised for use as set out in HC 221, and

(2) limits as so set out be set on appropriations in aid.

*The Deputy Speaker then put the Questions on the outstanding Estimates (Standing Order No. 55).*

## ESTIMATES, 2009-10 (NAVY) VOTE A

*Resolved,*

That, during the year ending with 31 March 2010, a number not exceeding 42,100 all ranks be maintained for Naval Service and that numbers in the Reserve Naval and Marine Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in HC 117 of this Session. *—(Mark Tami.)*

## ESTIMATES, 2009-10 (ARMY) VOTE A

*Resolved,*

That, during the year ending with 31 March 2010, a number not exceeding 123,660 all ranks be maintained for Army Service and that numbers in the Reserve Land Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in HC 117 of this Session. *—(Mark Tami.)*

## ESTIMATES, 2009-10 (AIR) VOTE A

*Resolved,*

That, during the year ending with 31 March 2010, a number not exceeding 46,270 all ranks be maintained for Air Force Service and that numbers in the Reserve Air Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in HC 117 of this Session. *—(Mark Tami.)*

## ESTIMATES, EXCESSES, 2007-08

*Resolved,*

That for the year that ended with 31 March 2008—

(1) resources, not exceeding £1,886,000, be authorised for use to make good excesses of certain resources for defence and civil services as set out in HC 215, and

(2) a sum, not exceeding £5,700,000, be granted to Her Majesty out of the Consolidated Fund to make good excesses of certain grants for defence and civil services as so set out. *—(Mark Tami.)*

## SUPPLEMENTARY ESTIMATES AND NEW ESTIMATES, 2008-09

*Resolved,*

That, for the year ending with 31 March 2009—

(1) further resources, not exceeding £31,504,116,000, be authorised for defence and civil services as set out in HC 221, HC 223, HC 240 and HC 265,

(2) a further sum, not exceeding £14,060,891,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs of defence and civil services as so set out, and

(3) limits as set out in HC 221, HC 240 and HC 265 be set on appropriations in aid. *—(Mark Tami.)*

*Ordered,* That a Bill be brought in upon the foregoing Resolutions relating to Supplementary Estimates and New Estimates, 2008-09, and Estimates, Excesses 2007-08, and the Resolution of 16 December relating to Supplementary Estimates, 2008-09;

That the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Yvette Cooper, Angela Eagle, Ian Pearson and Mr. Stephen Timms introduce the Bill.

### Consolidated Fund (Appropriation) Bill

Mr. Stephen Timms accordingly presented a Bill to authorise the use of resources for the service of the years ending with 31 March 2008 and 31 March and to apply certain sums out of the Consolidated Fund to the service of the years ending with 31 March 2008 and 31 March 2009; and to appropriate the supply authorised in this Session of Parliament for the service of the years ending with 31 March 2008 and 31 March 2009.

*Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 58).*

# Business without Debate

## DELEGATED LEGISLATION

**Mr. Deputy Speaker (Sir Alan Haselhurst):** With the leave of the House, I will take motions 7 to 10 together.

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

### Social Security

That the draft Pneumoconiosis etc. (Workers' Compensation) (Payment of Claims) (Amendment) Regulations 2009, which were laid before this House on 21 January, be approved.

That the draft Social Security (Contributions) (Amendment No. 2) Regulations 2009, which were laid before this House on 28 January, be approved.

That the draft Social Security (Contributions) (Re-rating) Order 2009, which was laid before this House on 28 January, be approved.

### Industrial Development

That the draft Financial Assistance for Industry (Increase of Limit) Order 2009, which was laid before this House on 3 February, be approved. *—(Mark Tami.)*

*Question agreed to.*

**Mr. Deputy Speaker:** With the leave of the House, I will take motions 11 and 12 together.

### Social Security

*Ordered,*

That the Health in Pregnancy Grant (Entitlement and Amount) Regulations 2008 (S.I., 2008, No. 3108), dated 9 December 2008, be referred to a Delegated Legislation Committee.

That the Health in Pregnancy Grant (Administration) Regulations 2008 (S.I., 2008, No. 3109), dated 9 December 2008, be referred to a Delegated Legislation Committee. *—(Mark Tami.)*

## USE OF THE CHAMBER (UNITED KINGDOM YOUTH PARLIAMENT)

*Motion made,*

That this House welcomes the work of the United Kingdom Youth Parliament in providing young people with an opportunity to engage with the political process and bring about social change; notes that many hon. Members from all parts of the House are actively involved in the work of the UK Youth Parliament; and accordingly resolves that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House. —*(Mark Tami.)*

**Hon. Members:** Object.

**Mr. Deputy Speaker:** With the leave of the House, I will take motions 14 and 15 together.

## COMMITTEES

### Communities and Local Government

*Ordered,*

That Jim Dobbin and Mr Bill Olner be discharged from the Communities and Local Government Committee and Mr Neil Turner and David Wright be added.

### International Development

That Jim Sheridan be discharged from the International Development Committee and Mr Virendra Sharma be added. —*(Rosemary McKenna, on behalf of the Committee of Selection.)*

## PETITIONS

### Police Interpreting

10.3 pm

**Mr. John Leech** (Manchester, Withington) (LD): I wish to submit a petition on behalf of 282 nationally registered interpreters from around the country who are concerned that plans to outsource the provision of interpreting services by police forces in the north-west will result in a worsening of the service provided to people requiring interpreting services as well as undermining the guidance of the Association of Chief Police Officers on the use of nationally registered interpreters whenever it is possible to provide them.

The petition states:

The Petition of persons concerned at the treatment of nationally registered interpreters,

Declares that the Greater Manchester Police are currently considering outsourcing provision of face-to-face interpreters to a commercial intermediary; further declares that registered interpreters are not prepared to work for an intermediary and that Greater Manchester Police would no longer be able to obtain their services should they outsource;

Notes that data obtained pursuant to the Freedom of Information Act 2000 show that outsourcing can lead to the use of persons purporting to be interpreters who are not on the National Register (which is stipulated as the first port of call by the Office for Criminal Justice Reform) or any of the other lists authorised by the National Agreement;

Believes that competent, vetted and professional interpreters are an integral part of the criminal justice system, ensuring a just and fair delivery of justice; further believes that taxpayers are entitled to see their money spent on a high quality service which will aid the administration of justice for ethnic minorities.

The Petitioners therefore request that the House of Commons urges the Home Secretary to do all in her power to persuade Greater Manchester Police to treat the profession with the respect it deserves and to include registered interpreters in any future consultations which may affect their livelihoods and profession; the petitioner further requests that the House of Commons urges the Home Secretary to intervene where police forces do not abide by the terms of the National Agreement.

And the Petitioners remain, etc.

[P000322]

### Royal Mail Services (Gloucestershire)

10.5 pm

**Mr. Geoffrey Clifton-Brown** (Cotswold) (Con): I have the honour to present a petition on behalf of my constituents in Wotton-under-Edge, who face the closure of their sorting office by Royal Mail. They call on the Government to intervene with Royal Mail to prevent the closure.

The petition states:

The Petition of the Mayor of Wotton-under-Edge Town Council on behalf of the Community of Wotton-under-Edge and hinterland,

declares that they

wish the Royal Mail Sorting Office in Wotton-under-Edge, Gloucestershire, to remain open... The Petitioners therefore request that the House of Commons urges the Government to act to ensure on behalf of the people of Wotton-under-Edge and surrounding villages that the Sorting Office remains open and the service is not moved to the village of Cam, Gloucestershire.

*Following is the full text of the petition:*

*[The Petition of the Mayor of Wotton-under-Edge Town Council on behalf of the Community of Wotton-under-Edge and hinterland,*

*Declares that the community of Wotton-under-Edge and its hinterland wish the Royal Mail Sorting Office in Wotton-under-Edge, Gloucestershire, to remain open;*

*Further declares that there has been overwhelming support from the community for the Sorting Office to remain in Wotton-under-Edge, an independent Market Town of 5700 people with a hinterland of villages, who are struggling to keep shops and services going;*

*Notes that Cam Sorting Office is a 14 mile return trip from Wotton-under-Edge, and that the area is poorly served by public transport; further notes that the town has an aging population who would struggle to collect undelivered mail; further notes that there is concern for the postmen and women who will have to make this extra journey with all its ramifications of financial and environmental cost.*

*Further declares that the community is worried by the detrimental effect the closure will have on the economic well-being of the town and particularly its business community; further declares that the town is already suffering through the recession and could well see further job losses as a consequence;*

*Notes that much of the data and other information supplied by Royal Mail is incorrect and has continued to be used despite the town's attempts to amend it; further notes that the Royal Mail has undertaken no meaningful consultation with the community, having only spoken to three people invited to the Sorting Office.*

*The Petitioners therefore request that the House of Commons urges the Government to act to ensure on behalf of the people of Wotton-under-Edge and surrounding villages that the Sorting Office remains open and the service is not moved to the village of Cam, Gloucestershire. And the Petitioners remain, etc.]*

[P000325]

## Housing and Construction Industry

*Motion made, and Question proposed,* That this House do now adjourn.—*( Mark Tami.)*

10.8 pm

**Gordon Banks** (Ochil and South Perthshire) (Lab): I am grateful for the opportunity to debate an industry that was such an integral part of my life before I entered the House. The debate is long overdue, and it is with a sense of sadness that I feel it necessary to highlight the continuing dire state of the UK construction and housing industry. I declare an interest as I remain a director of a building supply company and have worked in the construction and housing industry for more than 30 years in various roles.

The construction industry has more than 250,000 businesses employing more than 2 million people in the UK and has a turnover of about £6 billion a year. We have the second largest industry output in the European Union, and we all know and appreciate the role played by infrastructure in the UK's progress in recent years.

That is not the only story, however. There are vital subsets to the construction industry: for example, construction product companies have an annual turnover of more than £40 billion and employ more than 650,000 people in more than 30,000 companies. In Scotland, almost 12 per cent. of the work force are employed in construction and building-related activities, and further decline would have a profound impact on Scotland in general.

Last July, I wrote to both the Prime Minister and the Chancellor of the Exchequer to outline my concerns about the perilous state of the UK housing and construction industry. Sadly, those concerns have turned into reality; they are still with us today and there is little sign of improvement. It is important to understand that the housing industry has always built speculatively and not to order. Only by speculation can businesses provide continuous employment. The situation is little different from that of the car market, where mass production is not to order. In the housing industry, such speculation has stopped. The sector has lost jobs at an alarming rate, affecting the supply side, design and manufacture, road haulage and even council planning departments.

Past downturns have been different from what we are experiencing today. In Scotland, the industry has not experienced the highs seen in the south of England, but to some extent it has not experienced the same lows either. Arguably, that put Scotland in an advantageous position as part of the UK, as the situation was less volatile and a little more predictable—but not this time. The whole developed world has suffered a financial earthquake simultaneously, and no one was prepared. Almost overnight, credit lines were stopped. Major developers such as Barratt, Taylor Wimpey and Persimmon cut jobs as early as last summer. Speculative house building is virtually dead. Moreover, stock of completed housing units is reducing in value, and land values are plummeting.

The construction industry is vital in delivering our new infrastructure. If there is no construction industry, there is no new infrastructure. There is a huge threat to the future of the construction industry, especially the housing industry, in the UK. Private finance initiatives or public-private partnership contracts created a boost to the construction sector, with schools and hospitals the length and breadth of the UK being improved or newly built. The importance of public spending in a recession therefore becomes even more crucial. With the Scottish Executive delaying the process in search of a new name for PPP or PFI, however, there will not be a continuous flow of contracts in Scotland. That will not only harm the industry but delay the modernisation of our public estate.

On a wider scale, we need the new buildings, roads, railways and stations to remain competitive. Infrastructure is the key consideration for businesses when they want to relocate. In Clackmannanshire in my constituency, towns such as Alloa have been opened up with the construction of the eastern approach road, the reopening of the railway link to Stirling, and the construction of the Clackmannanshire bridge. The last batch of Labour's approved contracts are nearing completion, and Scottish construction companies are looking into the void in search of the next project, more in despair than hope. Government action is important in all areas of the UK, and spending from this Parliament is still strong. But we need clarity on the new projects being brought forward, and action is demanded in Scotland, not political posturing.

Although there is a huge responsibility on Government shoulders to bring forward infrastructure projects, responsibility also falls on the banks to lend at reasonable rates. That lending is required to allow developers to create the infrastructure that our economy will need to rebuild after the downturn, both to allow us to compete and to provide the housing and social environments that the country needs. Reasonable lending is not 7 per cent. above base rate, but that is becoming the norm. Lenders can make any deal competitive if they are all offering it, but that does not make it morally or financially right.

Of equal importance, funding is required for potential home buyers. We need to be much bolder in our action and force all the banks to lend again at reasonable rates to encourage spending. I urge Ministers to look again at recommendations to intervene in the mortgage market by guaranteeing £100 billion of mortgage-backed securities this year and next. Perhaps that will be part of the Chancellor's Budget next month; my hon. Friend the Economic Secretary can take that back to the Chancellor as part of my shopping list from tonight.

I want to spend another minute or two on mortgages. First, on deposits—or in sector speak, loan to value—not long ago the financial sector was offering mortgages of 100, 110 and 120 per cent. of the value of properties. It is still possible today to get a 100 per cent. mortgage. Plainly, that was and is madness. Lest anyone think that I absolve the individuals from responsibility, I do not. Individuals who used such vehicles have a responsibility, but so does the financial sector. We did not ask the financial sector to create such products; it created them and offered them to individuals on the clear understanding that lenders were content that individuals could afford them.

In general, however, that madness has now gone full circle. Most products now demand a large deposit: 20, 25 or 30 per cent. Why? Could it be that the lenders really have individuals' best interests at heart, and want to ensure that we can all cope with our repayments? I do not think so. If those were the banks' true concerns, they would help by passing on the full falls in interest

*[Gordon Banks]*

rates that have been generated recently. I believe that they are protecting their own backs against possible further falls in house values. However, for the industry the solution is simple. We must return to widely available 90 per cent. mortgages if we are to have any hope of saving the industry.

We have all seen and, I hope, welcomed the recent commitments from Northern Rock, the Royal Bank of Scotland and, last week, Lloyds Banking Group to increasing their home lending this year and next, but it really is a case of "Increase it from what?". Northern Rock is to increase lending by £14 billion over the next two years. RBS and Lloyds are to increase theirs by £9 billion and £6 billion respectively over the same period. That is a total of £29 billion over two years. Let me put that into perspective.

According to the Royal Institution of Chartered Surveyors, new home-buying inquiries are at their highest level since October 2006, yet the number of home purchase loans fell to 516,000 in 2008—their lowest level since 1974—down 49 per cent. on 2000. In January 2009, total mortgage lending was estimated at £12.4 billion for that month. It may be said that that is quite a sum, but it is 52 per cent. less than the figure for January 2008, which was about £25 billion. The commitment of £29 billion over two years is arguably needed over a single month.

Sadly, we have not yet seen any move in the sector to affordable loans demanding, say, 10 per cent. deposits filtering through to the consumer. Quite the contrary, indeed. There are 1,398 different mortgage deals available today, but two thirds of them demand a minimum 25 per cent. deposit, and the number demanding a 15 per cent. deposit has risen by nearly 8 per cent. in the last month alone. Deals demanding 10 per cent. deposits are becoming scarcer rather than more available: 101 deals are on offer, compared with 120 last month and nearly 1,200 a year ago. The deals that are available for 10 per cent. depositors carry a penalty. They have an average fixed rate of 6.31 per cent.—whereas someone with a 40 per cent. deposit can secure an average rate of 4.84 per cent.—and they are often subject to significant arrangement fees, which are very clever marketing tools not to sell a product. Let me pose a question to my hon. Friend the Minister. What can he do about a state-funded lender such as HBOS, which since the first quarter of this year will lend only 80 per cent. of the value of any new-build property?

Ninety per cent. mortgages will help the housing sector, but it does not stop there. When people buy new cars, what do they do? Nothing other than put fuel in them and drive them, which is what they did with their old cars. People who buy new houses spend additional money. Any high street retailer will confirm that a buoyant housing market, new or second-hand, fuels spending on the high street. New home owners buy carpets, fixtures and fittings, curtains, white goods, furniture and so on. It is the only industry of which I am aware that directly feeds spending in other sectors.

Here is an interesting figure. In 2007, there were 357,800 first-time buyers. The Halifax has produced data suggesting that the cost of furnishing and equipping a new property is around £6,000, which equates to about £2.14 billion of high street spending by first-time buyers alone. That, to my mind, is quite a fiscal stimulus, but we need to get people into those homes to trigger such a stimulus.

As I said earlier, there is still a huge demand for housing, social and private. Nearly 500,000 people in Scotland are on local authority and housing association waiting lists for affordable homes, and with Scotland needing an extra 17,000 houses per year to meet rising demand, the mortgage situation is bound to have a serious impact. While I give the Government the benefit of the doubt when it comes to whether they grasp the importance of the home-buyer's effect on the high street, the banks have moved from one extreme to the other.

Shared equity schemes are valuable and have a role to play, and the homebuy direct programme will, I hope, be of significant help, but such schemes depend on how the lender views the share. If a 30 per cent. state-funded and industry-funded shared equity scheme is available, it is no good if the lender demands a 25 per cent. deposit on the remaining 70 per cent.; that defeats the purpose. I acknowledge the steps taken to extend the Government's shared ownership programme and the £270 million being allocated through the Housing Corporation—and the new clearing house with £200 million to allow developers to sell unsold stock for use as affordable housing is to be applauded when it delivers genuine results.

The industry itself has many shared equity schemes, and I am advised of one developer whose company held £1 million of shared equity. Obviously, there was a need to turn that into capital, but when the markets were approached, the best offer he got was £400,000. Why? Because the markets said it would be worth £1 million in 10 years' time, but not today. The truly sad thing was that he was thinking about taking that offer.

I would like my hon. Friend the Minister to take away another point for the Chancellor. We could invest in building 100,000 new social rented homes over the next two years, with an investment of £6.4 billion, which could be a tool to offset some of the intransigence of the banks, provided that it is Government-driven.

I would like to talk briefly about training as well. The Government have a target to increase the number of apprenticeships in the UK, and similar plans were secured by Scottish Labour during the recent budget process in Holyrood. However, many of these apprenticeship targets are earmarked for the construction industry, and if we do not support the industry, there will be no point in having a construction and related trades apprenticeships scheme in an industry with no work.

Negotiating planning procedures and processes takes time, and it may be one or two years before planning permission is granted and construction workers are on site. This will be too late for many construction companies. I would therefore be grateful if the Minister would expand on when Departments will be issuing detailed plans of all construction projects that are being brought forward on a constituency-by-constituency basis. While these companies tighten their belts simply to survive, there is little spare capacity to develop new products such as more effective insulation techniques, which can help us to meet our climate change objectives.

There are real threats to other Government objectives, too. Without support for the housing industry, the Government can wave goodbye to any meaningful progress

on their target for zero-carbon housing in 2016. This initiative was not particularly welcomed with open arms by the industry in the first place, and there is still a struggle to achieve an appropriate definition, but if the Government do not step into the mortgage market with an underwriting guarantee or pressure to increase lending adequately, the lack of finance in the industry will make zero-carbon housing a dream, not an aspiration. It is not only the house builders that we need on board to meet these targets; we need the product manufacturers on board, too. These businesses need profit and investment to develop these products, and product development is currently not high on the list of priorities, but survival is.

What makes the housing and construction industry so vital and in need of support and of being moved up the list of endangered species? I have already talked about the benefits to the high street, but another advantage is related to imports. Only 15 per cent. of construction products are imported, and they make up only about 6 per cent. of the total turnover, so there would be a far better return for the UK economy than expenditure on a wider range of consumer goods.

I urge the Government to be bolder on VAT. They could reduce it to 5 per cent. on home extensions, repairs and maintenance. That would motivate home owners to invest, and provide real jobs in the industry. This was supported by UK MEPs of all major persuasions only last month. Individuals with private capital are simply not investing in the industry, and we need to change that.

The value of the housing and construction industry is massive. The skyline of this city—and, indeed, of this very building—displays an array of structures that showcase the talents, creativity and passion of the UK construction industry past and present. However, as well as the aesthetic achievements of the industry, there is a background of stable and valuable employment, which I am proud to say has supported many families, including my own, for a great many years. If we want to prevent its collapse, we need continued strong action now.

10.24 pm

**Lindsay Roy** (Glenrothes) (Lab): My hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) has rightly highlighted the crisis in the construction industry. I want to focus on one aspect: planning. Consistently in my dealings with construction company representatives, I hear the strongly held view that some local authority planning departments are caught in a time warp and have not responded to the changing economic climate. Businesses often feel that there is a huge gulf between fine rhetoric—well-intentioned words of support—from local authorities and positive outcomes at grass-roots level. I am aware of several proposed developments that have secure funding and outline planning permission to take them forward, yet in these difficult economic times, when planning applications have drastically declined, inordinate delays are impeding implementation, with resulting job losses.

Concerns have been raised consistently about the following: a lack of strategic interventions when there is an impasse at local planning level, with discretionary powers not being used; a ponderous and inflexible planning process, with inherent delays at a time when speedy decisions are required to sustain jobs; a widespread perception, if not reality, of restrictive practices and unnecessary barriers; and continuing perceptions that some planning departments are reactive and defensive, rather than proactive and receptive.

In essence, there is strong feeling among sections of our communities that some planning systems are not fit for purpose, and there needs to be greater flexibility and urgency to accelerate projects to sustain vital jobs in this industry. All partners involved in supporting the construction industry need to work closely together to sustain and create jobs. In particular, I urge that political differences at national, devolved and local authority level must be set aside in the wider interests of infrastructure and housing projects, and that those need to be brought forward as quickly as possible.

In Scotland over the past two years, despite Scottish Government promises of matching previous programmes "brick for brick", not a new brick has been laid by the Scottish Futures Trust. Ideological differences must be abandoned for the sake of our work force and our communities. Across all levels of government, we must take whatever action is needed to assist us through these very difficult and challenging times, and if planning systems need to change, so be it. Does the Minister agree that doing nothing about such planning matters is not an option?

10.27 pm

**The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson):** I congratulate my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) on securing this debate on a subject that we both agree is important. First, may I say that one of the biggest single acts that the Government can perform to help the construction industry and reinvigorate the housing market is to restore confidence and stability in the financial markets and to support the economy by increasing lending? That is why the actions that we took in October on the recapitalisation of the banks, those we announced in January on the asset protection scheme, whereby we provided guarantees to the Royal Bank of Scotland group, and today's announcement on Lloyds are providing real support to the banking system to ensure continuance of lending in the economy.

My hon. Friend raises the important point about the availability of mortgages, and I agree that it is key to restoring the housing market. As he rightly points out, the underlying demand for housing is there, but one of the biggest problems is the availability of finance. That is why the Government recently announced that Northern Rock will increase mortgage lending by up to £14 billion over the next two years, and why we have seen the other announcements that he mentioned. The new lending will be made available on commercial terms to ensure that it represents good value for money for the taxpayer, and Northern Rock will return to the mortgage market after an absence. The Government have made it clear that we want to see a mortgage market that functions well, where lenders lend responsibly and borrowers have access to a wide range of mortgages that they can afford to repay: a return to responsible lending and responsible borrowing. He will be aware that we are monitoring bank lending very closely, with data being collated by the monitoring panel that we have established. I share his ambition to see more 90 per cent. loan-to-value mortgages being offered. He is right to say that a big

*[Ian Pearson]*

readjustment has taken place over the past six months in that respect. There are 90 per cent. LTV mortgages available at the moment from a number of lenders, as he rightly points out, but particularly for first-time house buyers we need to consider whether we can do more to help them at the appropriate time of their choosing to get their foot on the housing ladder.

We also have to think about whether we want to do more to stimulate the private rented sector of the UK economy, too. It is clear that there is, and that there will continue to be, a strong demand for new homes in this country. My hon. Friend is right, too, to point out the benefits for the UK high street of the purchases that come when people move into new homes.

The construction industry is vital to the UK economy. In 2006, it accounted for nearly 9 per cent. of gross value added worth more than £100 billion. The importance of construction to the Government and society goes beyond its economic contribution. Construction is vital for the provision of good-quality public services and it plays a role in the delivery of more than half the 30 public service agreements set out in the 2007 comprehensive spending review. The sector is large, with recent employment levels exceeding 2 million people, and it contains some 284,000 firms. Although small and medium-sized companies predominate, the sector ranges from large international contractors to the self-employed jobbing builder and decorator.

As a Government, we appreciate the fact that good quality housing is a basic human need and we are fully committed to it. By 2010, 95 per cent. of all social housing will meet the decent homes standard for housing that meets basic minimum quality standards. Furthermore, the Government acknowledge that there is a significant gap between the supply and the rising demand for new homes. For decades, the housing market has failed to keep up with our ageing and growing population. That has led to significant problems of affordability, particularly, as I have mentioned, for those seeking to buy their first home.

First-time home buyers are key to the housing market. That is why we have set out an ambitious target to deliver 240,000 additional homes a year by 2016. In recent years, the housing market had responded to that challenge with the delivery of 207,500 additional homes in 2007-08. However, we recognise the reality of the recession and how it has hit the housing market badly. The capital constraints on private sector developers have been significant and the economic conditions facing the housing sector are far worse than those facing any other sub-sector in the construction industry.

We recognise the need to take action and, as my hon. Friend will be aware, we are bringing forward public expenditure. Some £775 million was earmarked in the pre-Budget report to be spent on housing and regeneration investment. Some £250 million will be spent on the decent homes programmes to fund improvements in energy efficiency in 25,000 social homes. Some £150 million will be spent on new social rented homes, in addition to the £400 million to be spent on 5,500 new social homes that was announced last September.

We are committed to a major increase in affordable and social housing to meet demand and to cut waiting lists. Local authorities with existing stock will be able to apply for grants to buy social housing alongside registered social landlords. As my hon. Friend mentioned, homeBuy direct's £300 million shared equity scheme will help up to 10,000 first-time buyers into affordable home ownership over the next two years. As with other homebuy schemes, any first-time buyers whose household income is under £60,000 will be able to apply. That will not only help first-time buyers, but support the industry by identifying buyers for its new homes.

Of course, in addition to our desire to restore confidence in the banking system and to see further new house building in the UK, there is another factor: the Government are themselves a significant client, through public sector procurement, of infrastructure, and my hon. Friend the Member for Ochil and South Perthshire rightly mentioned that that was of significance. Some 30 per cent. of all construction activity is publicly funded, with a further 10 per cent. accounted for by the private finance initiative and similar schemes.

As the House will be aware, the Government recently announced measures to safeguard PFI projects that were unable to access credit because of the financial crisis. Our action will ensure that public sector investments in infrastructure projects, including schools, transport and waste treatment projects, can be protected and will proceed. We are also bringing forward billions of pounds of infrastructure project spending right across the UK to help to keep people and firms in work while private demand falls. Projects include: increasing the capacity in the motorway network; improving and building new social housing; renewing primary and secondary schools; and investing in energy efficiency measures. The challenge, of course, is to make sure that we deliver on those commitments, and the Government are determined to do so. It is also a challenge to see whether there is more that we can do in these difficult economic times to help people and businesses in the construction industry.

My hon. Friend also mentioned planning issues. He asked me about the detailed delivery plans to ensure that the money that we have announced will be spent. I can inform him that planning is well advanced, and the Department for Children, Schools and Families announced on 3 March which local authorities will receive the £499 million in additional money next year to invest in our schools. The Department is also bringing forward £390 million of the money that head teachers receive directly, and £30 million for investment in play facilities.

My hon. Friend the Member for Glenrothes (Lindsay Roy) raised the issue of planning. He pointed to the lack of strategic intervention in some of the areas with which he is familiar. I agree with him that all partners need to work together to ensure that we can remove barriers and blockages, particularly during these difficult economic times, so that projects go ahead. He mentioned the Scottish Futures Trust, which is a matter for the Scottish Parliament and the Scottish Administration, but I am aware of the concerns that he expresses. My hon. Friend the Member for Ochil and South Perthshire mentioned training and VAT issues; I agree with him about the importance of training and maintaining skills in the construction industry sector. I have noted his request on VAT, and it will form part of our Budget deliberations, no doubt.

To conclude, it is vital that we continue to be in close touch with the industry. We meet regularly the Strategic Forum for Construction, which includes umbrella bodies

from across the construction industry. I will be attending a meeting of the forum this month to discuss issues of common interest in the current climate. I think that—

10.38 pm

*House adjourned without Question put (Standing Order No. 9(7)).*

# House of Commons

*Tuesday 10 March 2009*

*The House met at half-past Two o'clock*

**PRAYERS**

[MR. SPEAKER *in the Chair*]

# Oral Answers to Questions

## TRANSPORT

*The Secretary of State was asked—*

### Workplace Parking Levy (Nottingham)

1. **Mr. Graham Allen** (Nottingham, North) (Lab): What discussions he has had with Nottingham city council on its proposed workplace parking levy; and if he will make a statement. [261704]

**The Parliamentary Under-Secretary of State for Transport (Paul Clark):** My right hon. Friend the Secretary of State has had no such discussions. In accordance with the ministerial code of conduct, the decisions on the city council's workplace parking order and tram extensions will be taken by Ministers on the Secretary of State's behalf because they might have an impact on his constituency of Ashfield.

**Mr. Allen:** Is the Minister aware that Nottingham has one of the most innovative transport policies in the UK? Yesterday, we celebrated the fifth anniversary of the city's new tram line. If we are to have an additional tram line and many other transport improvements, it is vital that we get the go-ahead for our workplace parking levy. Many businesses have written to me in support of the levy—far more than the tiny number that have not. Will he clear the way so that we can get on and be even more innovative in Nottingham?

**Paul Clark:** I send my congratulations on the fifth anniversary of NET Line One, which has proved extremely successful. I am well aware of the commitment shown by my hon. Friend, and by my hon. Friends the Members for Nottingham, East (Mr. Heppell) and for Nottingham, South (Alan Simpson), in their determination to secure transport improvements for the city.

Under the Transport Act 2000, we introduced a range of options for local authorities to address issues of traffic management. The workplace parking levy was one of those tools, and we are just completing consultation on the offences and enforcement procedure. Until we have done that, we are unable to consider the levy order, but we shall do so as soon as possible.

**Mr. Julian Brazier** (Canterbury) (Con): The British Chambers of Commerce has condemned the workplace parking charge as a stealth tax on hard-pressed businesses. Is this really a sensible time to introduce yet more taxes on businesses struggling for survival? Why are Ministers continuing to use the transport innovation fund to bully local communities into taxing workplace parking or introducing congestion and other charges?

**Paul Clark:** We on this side of the House recognise that we cannot ignore the facts clearly set out in Eddington's response on congestion. If we do not do something now, the cost to businesses across the length and breadth of this country will be some £22 billion by 2025. We need to be innovative in our approach, and allow local areas to introduce schemes that will maximise their attempts to deal with congestion. Indeed, my right hon. Friend the Secretary of State met representatives of the local chamber of commerce only last night to discuss a number of issues. It is for those reasons that we have taken the opportunity to give local authorities and transport areas a range of tools to deal with the congestion problems that they face, both today and in the future.

**Mr. John Heppell** (Nottingham, East) (Lab): Does the Minister agree that, during a period of economic downturn, it is even more important that we reduce the congestion that costs business £160 million a year? We are asking the people of Nottingham and not the Government to make a decision about the workplace parking levy. Ninety four per cent. of people there have said that they have complete satisfaction with the tram system, and 80 per cent. say that they want it to be extended.

**Paul Clark:** Again, I recognise my hon. Friend's commitment, and I congratulate him on the Adjournment debate on this matter that was held in this Chamber only recently. It was a shame that Opposition Members did not think it important to attend and listen to the issues and arguments. It is important that we take all possible steps to deal with congestion, and we will make a decision about Nottingham as soon as is practicable.

**Alan Simpson** (Nottingham, South) (Lab): Does the Minister understand that other sections of his Department could look like plonkers if we get the decision wrong? The Department has made workplace parking a necessary part of the funding for the tram extension, which itself is an integral part of the proposals to widen the A453 with a park-and-ride extension. So can we have joined-up government to allow for the joined-up transport planning that Nottingham is trying to put in place?

**Paul Clark:** Again, I recognise my hon. Friend's commitment; over the past 10 years or so, he has been campaigning for the city of Nottingham. This Government introduced provisions to ensure wider understanding and improved governance on transport issues, allowing us to join those requirements together. However, we are talking about a matter for local authorities, as I indicated. The Transport Act 2000 introduced a number of provisions allowing local authorities to consider traffic management issues within their cities and given areas. It is for individual authorities to decide whether to go down the route of introducing a workplace parking levy—or, come to that, any of the other provisions available under the Transport Act.

## Rail Fares

2. **Ann Winterton** (Congleton) (Con): What recent assessment he has made of levels of rail fares. [261705]

**The Secretary of State for Transport (Mr. Geoffrey Hoon):** We continue to regulate rail fares to balance the protection for passengers and taxpayers while allowing significant investment in rail. We have made it clear that the average cap—usually the retail prices index plus 1 per cent.—will be applied next year even if RPI is negative, leading to lower regulated fares in January 2010. From January 2010, the cap will also apply generally to individual regulated fares.

**Ann Winterton:** The Secretary of State will be aware of the horror expressed by commuters and passengers about the huge hike of more than 6 per cent.—the figure is much higher in some areas—in rail fares this year. I welcome his reaffirmation on behalf of the Government that fares next year will be pegged to the standard formula, but will he also assure us that rail companies will not cut services?

**Mr. Hoon:** The hon. Lady refers to regulated fares. To deal with her last point first, the services are governed by the franchise agreement entered into by the train operating companies. Of course, we will not allow those agreements to be changed without a clear, good reason.

To deal with the generality of her observation, support for railways comes from two sources: fare-paying passengers and taxpayers. If we are to maintain the level of investment in our railways that I think we should have, we have a clear choice. We can either allow fares to be increased according to the consistent arrangements that have operated for many years, or we can increase the subsidy from the taxpayer. If she is unhappy about the balance that we have struck, she needs to say so, as does her party. Instead of simply making generalised complaints, I want to hear what specific proposals the Conservative party would make about fares and the level of taxpayers' subsidy.

**Mrs. Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): Does the Secretary of State share my concern that high fares might price people off the railways, and will he look again at the financing of the railways, so that we can avoid the situation that is planned, whereby in 2013 the fare payer will be paying three times as much as the taxpayer?

**Mr. Hoon:** I do recognise that concern, and it is right that my hon. Friend should raise it, but I repeat the answer that I gave a moment ago: there are only two sources of finance for our railways. We have to strike a balance between the interests of fare-paying passengers and the interests of taxpayers. I believe that we have the right balance to maintain the necessary level of investment in our rail network.

**Norman Baker** (Lewes) (LD): Over the next five years to 2014, the money raised towards fares by passengers will increase from £23 billion to £39 billion, according to the Transport Committee, while the Government's contribution will be significantly cut. Given that our rail fares are already the highest in Europe, and given the swingeing increases this year, how can the Secretary of State possibly justify that massive increase in the take from passengers, and why did he not freeze rail fares this year, as the Liberal Democrats advocated? We indicated how we would pay for that, too.

**Mr. Hoon:** I have been doing a little research into what the Liberal Democrats advocate, and it is interesting that despite the hon. Gentleman's clear personal commitment to transport, he is unable to persuade any of his colleagues to support him. The Liberal Democrats would cut £1 billion from the transport budget, in the highly unlikely event of their being elected to take responsibility for anything. We need to put anything that the hon. Gentleman says about transport in context; he has not even been able to persuade his own colleagues that transport is a good thing.

**Rob Marris** (Wolverhampton, South-West) (Lab): One of the things that rail passengers expect for their rail fares is a decent, modernised railway station. Will my right hon. Friend give me some indication of what encouragement he and his Department could give on the rebuilding of Wolverhampton railway station?

**Mr. Hoon:** I had the considerable privilege of visiting Wolverhampton railway station only last week. *[Interruption.]* No, I make it clear to the House that not only did I visit it, but I got out at the station, too. Thanks to the assiduous efforts of my hon. Friend, I was able to see for myself the exciting plans for the redevelopment of Wolverhampton station and the nearby bus station, to provide a real transport hub for the people of Wolverhampton. I congratulate him on his efforts to bring real investment to Wolverhampton and to his constituents.

**Stephen Hammond** (Wimbledon) (Con): The facts show that the Passenger Focus report published in February this year highlighted value for money as the most serious concern for passengers. The facts also show that the most packed trains are running at more than 170 per cent. capacity and that, since 2003, regulated and unregulated fares have risen by a third. Do not the facts show that after a decade of Labour control, the story is one of overcrowded trains, value for money falling, and the taxpayer having to pick up the tab?

**Mr. Hoon:** The Passenger Focus report is interesting. I look forward to meeting Passenger Focus and the Association of Train Operating Companies to discuss its contents.

I would not want the Conservative party to feel that I was letting it off the hook after the comments that I made about the Liberal Democrats. If the hon. Gentleman gets his way and eventually ends up on the Government Benches taking the decisions, he will have £840 million less to spend on the railways and on transport in general than has been spent by this Government. He and his party have to explain how they will manage to continue with investment in much-needed projects such as Crossrail at the same time as cutting the railway budget.

## Railway Stations

3. **Anne Snelgrove** (South Swindon) (Lab): What plans he has to improve levels of safety and accessibility at railway stations; and if he will make a statement. [261706]

**The Parliamentary Under-Secretary of State for Transport (Paul Clark):** The Department for Transport takes safety and accessibility at stations very seriously. More than 1,100 stations have already been earmarked for access improvements through our £370 million Access for All

programme. Meanwhile, crime levels continue to fall while the railways build on their already good safety record.

**Anne Snelgrove:** Swindon station's disabled access has been improved considerably through the Access for All programme. Does my hon. Friend recognise that First Great Western, which is based in my constituency, has an excellent safety record and has been working innovatively with police community support officers and with train managers, leading to an eight out of 10 customer satisfaction rating? Will he congratulate First Great Western?

**Paul Clark:** The short answer is yes. I am delighted that First Great Western has used the £20,000 from the small schemes funding to provide a safer and more secure station and I congratulate it. The latest national passenger survey indicates that personal security at First Great Western stations has increased over the past year.

**Robert Key** (Salisbury) (Con): But in the south of the county of Wiltshire, South West Trains has been sacking hundreds of its staff, it has closed the travel centre and, at Tisbury, it has virtually unmanned the station. What does that do for accessibility or safety? What will happen when disabled people want to use ramps on to trains and there are no staff at the station?

**Paul Clark:** We have taken a number of steps in our Access for All programme at 145 stations, and the small scheme programme is helping to make 1,000-odd stations accessible and secure. There is also the assisted passengers reservation system, which is about helping people who have disabilities, and of course we work closely with the disabled persons transport advisory committee.

**Jeremy Corbyn** (Islington, North) (Lab): The Minister will be aware that the previous Mayor of London had an admirable programme for converting many stations to step-free access to improve facilities so that everyone could use the trains. Is the Minister not concerned that the current Mayor seems to be cancelling many of those programmes? At stations such as Finsbury Park that serve both Network Rail and London Underground, he has cancelled the scheme altogether, which is disastrous for those who have difficulties in accessing the station because of the lack of lifts or any other way of getting in. Will my hon. Friend please meet the Mayor of London and tell him that the people of this country want to see real accessibility to our whole transport network?

**Paul Clark:** I am obviously concerned about any proposed cuts that would make accessibility for all difficult. I am delighted that in London, for example, all buses are fully accessible. With reference to London Underground, some 20 per cent. of stations have step-free access, and we are working to ensure that 25 per cent. are step-free by 2010. However, that needs commitment from all concerned—Transport for London and the Mayor of London—as well as our commitment to funding through the streams that I have outlined.

**Sir Alan Beith** (Berwick-upon-Tweed) (LD): Will the Minister visit Alnmouth station in Northumberland, which has been turned down for the Department's scheme? It has no disabled access from the northbound platform; disabled people who want to return to the station in the evening are told that they have to ask for a taxi from Newcastle, 30 miles away.

**Paul Clark:** I am happy to look into the circumstances of that station. The requirement is to look at the programme that we are putting in. Many of the stations were built at times when accessibility was not a key factor, although obviously new requirements for stations and rolling stock all demand modern standards of accessibility. However, I am willing to look at the individual case. We are having to plan; in respect of the £370 million Access for All programme, we need to work on the stations used by most people, weighted by the incidence of people with disabilities using them. The small scheme programme, with its £25 million of Government money, has levered in third-party contributions, bringing in about £95 million worth of improvements. However, I will look at the individual case.

**Geraldine Smith** (Morecambe and Lunesdale) (Lab): Can the Minister tell me whether Silverdale station is on his list of stations for safety and accessibility improvements? If he cannot, will he look at the issue to see what can be done? Schoolchildren use the station in the mornings, and they have to cross the track to reach the relevant platform. That is a safety issue. Furthermore, Silverdale is in an area of outstanding natural beauty. We get a lot of tourists, and it is dangerous for them to cross live rail lines.

**Paul Clark:** It might surprise my hon. Friend to hear that I do not actually have at my fingertips a list with Silverdale on it. However, I am more than happy to look at the request.

## High-Speed Rail Services

4. **Mr. Douglas Carswell** (Harwich) (Con): What plans he is making for high-speed rail connections between London and the north of England. [261707]

**The Secretary of State for Transport (Mr. Geoffrey Hoon):** As I announced to the House on 15 January, a new company, High Speed 2, has been formed to develop the case for high-speed services between London and Scotland. Yesterday, my noble Friend the Minister responsible for rail wrote to Sir David Rowlands at HS2, setting out what the Government expect of the new company. As a first stage, it will report by the end of the year with a proposed route from London to the west midlands, setting out any necessary options, including for stations. It will also consider the potential for new lines to serve the north of England and Scotland.

**Mr. Carswell:** Does the Secretary of State not agree that

"the time is right now for us to start thinking about high-speed rail as an alternative to air transportation",

to quote the new US President, Barack Obama?

**Mr. Hoon:** Not only are we thinking about high-speed rail, but we have put our plans into action. We have formed a new company, whose job is to advise the Government on how—not whether—high-speed rail will be done. I have asked it to produce by the end of the year practical proposals for bringing forward high-speed rail lines in the United Kingdom.

**Mr. Bob Laxton** (Derby, North) (Lab): Following the decision on the inter-city high-speed trains, does my right hon. Friend agree that the award of the contract to Hitachi/Agility Trains means that if the manufacture

of the trains does not involve many UK parts, there could be a sharp decline among companies in the supply chain for the rail industry in the United Kingdom?

**Mr. Hoon:** My hon. Friend rightly represents effectively the interests of his constituents. He has put his case firmly to me, both on the Floor of the House and in private conversations, and he has been understandably vigorous in arguing for the people he represents. However, I emphasise to him that, as the House will be aware, decisions of this kind are governed by clear rules. We have followed those rules scrupulously in reaching the decision that I recently announced to the House.

**Greg Mulholland** (Leeds, North-West) (LD): It has taken 11 years for the Government to get to the stage of talking about a high-speed rail link—one that would go all the way up to Birmingham. That is where we are, but will the Secretary of State ensure that the interests of the north-east are considered? Given that the joint economies of Leeds and Sheffield alone, the two drivers of their region, total more than £30 billion—never mind the two city regions—will he ensure that at the next stage, the high-speed plans are brought to Yorkshire, and not only to Manchester? Frankly, we are sick of people seeing Leeds as a suburb of Manchester, as the Conservative party seems to believe it is.

**Mr. Hoon:** I encourage the hon. Gentleman to go along to St. Pancras station and see the existing high-speed line that provides services to the channel tunnel and that will very soon provide high-speed services to the commuters of Kent and the south coast. We have built a high-speed link on time and on budget. He is right that it is important that the benefits of that link should be extended across the country; that is precisely why we set up High Speed 2 as the company to advise us on the practical steps that we need to take next in order to deliver that.

**Dr. Nick Palmer** (Broxtowe) (Lab): Will my right hon. Friend address the possibility of the electrification of the midland main line? As he will know from his experience of commuting to London, we are somewhat the poor relation. We were pleased to see that identified as a possibility in recent Government soundings. Can he give us more information on when we might know more about the timetable for that?

**Mr. Hoon:** I share my hon. Friend's view. It is important, as I set out on 15 January, that we look at capacity questions on our network, including a consideration of electrifying the Great Western main line as well as the midland main line, which serves his constituency. I anticipate that I will receive further reports about that later this year and will make an appropriate statement to the House.

**Mrs. Theresa Villiers** (Chipping Barnet) (Con): We have heard the Secretary of State confirm this afternoon that the Government will make an announcement on a high-speed rail proposal next year. Will he pledge to the House that that proposal will match the Conservative commitment to building a high-speed rail line connecting London, Manchester and Leeds?

**Mr. Hoon:** I made it clear that that announcement would happen this year. The difference between the two proposals is that ours will be a thought-through, well-considered, carefully costed proposal by experts in the railways, in contrast to the large envelope on which the hon. Lady scribbled a few lines to produce the Conservative plans. I challenge her on this; she can write to me or put out a press release. The shadow Chancellor has indicated that his priorities for spending for a potential Conservative Government include handing out large amounts of money in the form of reduced inheritance tax to a handful of multi-millionaires ahead of any efforts that she has been able to make to encourage a Conservative Government to spend money on transport.

**Mrs. Villiers:** I think we can take it that the answer is no. The Minister of State yesterday and the Secretary of State today confirmed that, even if the Government decide to go ahead, the only routes that they are asking HS2 to consider for the proposal that it is publishing, whether this year or next year, are between London and the west midlands. In February, the Secretary of State told the *Lancashire Evening Post* that the proposal that is being put together is for a line that gets only as far as Rugby—a mere 80 miles from London. Why does not he just admit that Labour is struggling to catch up with the agenda that the Conservatives have set on high-speed rail and that it is manifestly failing to match our vision and commitment to a high-speed rail future for the north of England?

**Mr. Hoon:** I am sorry, but nothing that the hon. Lady says about transport can be taken seriously when she proposes to cut £840 million from the transport budget. If she cannot persuade her own shadow Cabinet colleagues of the importance of transport, how does she expect to persuade the House or the country of anything that she says on the subject of transport?

## Trains (Catering Services)

5. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of train operating companies to discuss catering on trains. [261708]

**The Parliamentary Under-Secretary of State for Transport (Paul Clark):** The Secretary of State for Transport has no plans to meet representatives of train operating companies to discuss catering on trains.

**Mr. Bellingham:** That is a pity. Does the Minister share my anger and dismay that at a time when train operators on the continent are extending and expanding catering services, companies here are doing quite the reverse? Is he aware that First Capital Connect has cut the trolley service on the King's Lynn line and that the Norwich line is about to lose its restaurant car? Is not that very short-sighted at a time when train companies should be trying to attract new customers?

**Paul Clark:** I hope that all train operators will bear in mind the travelling experience in the round for all passengers, particularly on long-distance journeys, through the provisions that they make for the travelling public. The main concerns for us and the travelling public will be punctuality, reliability overcrowding and affordable fares. That is where we have concentrated our efforts as a Government, and we have ensured that we deliver in that way.

**Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): When the Minister next speaks to London Midland about catering, could he also talk to it about the lack of punctuality, the appalling performance and the dreadful conditions on Milton Keynes Central station since it has closed the travel centre and not sufficiently staffed—

**Mr. Speaker:** Order. That is a far cry from catering.

**Bob Russell** (Colchester) (LD): Speaking from the nationalist Bench, East Anglia branch, could I ask the Minister to look at the franchise of National Express East Anglia, not only relative to its catering obligations, which are clearly laid down in the franchise, but also to the fact that it is sacking 300 workers in total?

**Paul Clark:** In the franchise provision for National Express East Anglia, there is a requirement for a catering facility based on a trolley service, and I understand that National Express is providing over and above that requirement through an at-seat service for first-class passengers. I take on board and note the hon. Gentleman's comments, but National Express East Anglia is meeting the requirements of the franchise agreement and going above them.

**Integrated Ticketing**

6. **Mr. David Clelland** (Tyne Bridge) (Lab): If he will bring forward proposals for a national strategy for integrated ticketing across different modes of transport. [261709]

**The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick):** As I am sure my hon. Friend is aware, work is already under way on an integrated ticketing strategy for England. The intention is to publish a consultation paper on this subject later in the year. Officials are meeting key stakeholders to make progress on the consultation paper.

**Mr. Clelland:** Is the Minister aware of the advanced plans from transport stakeholders in the north-east for a regional smartcard travel scheme across all modes of transport? Is he willing to discuss with the regional development agency, One NorthEast, the £5 million shortfall that is now the only obstacle to an early introduction of smartcard travel across the region, with all the benefits that that would bring?

**Jim Fitzpatrick:** The prioritising of schemes for regional fund allocation funding is a matter for each region. In respect of the Nexus scheme in the north-east, the Department for Transport has approved £12.8 million to replace all ticket machines on the system with modern versions that take notes and cards. That is not smartcard ticketing, but readers can be installed at a later date. I hear what he says about the shortfall and the RDA. I am always happy to look at anything that he asks me to, but obviously I cannot give any commitments on funding.

**Mr. Angus MacNeil** (Na h-Eileanan an Iar) (SNP): We also need a national strategy on ticketing that includes airlines. Many of my constituents are suffering from the low-cost practices of companies such as Flybe, which do not give refunds or may demand exorbitant prices and fees for the changing of tickets due to changes made to a journey, even when given plenty of notice. What can the Government do to help travellers who are paying through the nose in these credit-crunch times—or even in difficult family circumstances—and who are having to pay for changes to tickets and travel without the possibility of a refund?

**Jim Fitzpatrick:** The hon. Gentleman's constituents are obviously having difficulty in securing refunds. The regulator would be the first place to go to try to get this matter addressed. It is always difficult for constituents when there are cancellations. Criteria are set down on when refunds ought to be paid, depending on the nature of the cancellation of flights. If the hon. Gentleman writes to me, I will be very happy to point him in the right direction.

**Clive Efford** (Eltham) (Lab): My hon. Friend will be aware that for a number of years, I have been urging the Department for Transport to work with Southeastern trains to ensure that the Oyster card is compatible with the reader machines on its network. It has promised that it will do that by the end of the year, but can I impress upon him the need to keep a tight rein on Southeastern trains to make sure that that change is implemented for the long-suffering commuters of south-east London?

**Jim Fitzpatrick:** I can advise my hon. Friend that we are close to reaching a deal with Transport for London and the relevant train operators to introduce Oyster pay-as-you-go on rail services throughout London. As part of the same agreement, ITSO will be accepted in due course on the bus and underground networks in London. We are monitoring that carefully and closely. We know that most commuters are very keen to see it happen, and we will do what we can to ensure that it happens as soon as possible.

**Railway Ticket Offices**

7. **Sandra Gidley** (Romsey) (LD): What recent discussions he has had with train operating companies on changes to ticket office opening hours at railway stations. [261710]

**The Parliamentary Under-Secretary of State for Transport (Paul Clark):** Officials in the Department for Transport have recently discussed ticket office change proposals made by South West Trains, First Capital Connect, National Express East Anglia and National Express East Coast. Some of those are small changes and some outline proposals.

**Sandra Gidley:** I thank the Minister for that reply. At many stations operated by South West Trains, staff have been replaced with ticket machines. Those stations are often the smaller ones, and disabled constituents can no longer access a train at the station of their choice. Despite his well-meant access for all programme, is it not the case that access for disabled passengers is being restricted by penny-pinching initiatives by the train operating companies?

**Paul Clark:** The hon. Lady will be well aware that South West Trains made a substantial number of proposals, many of which were in fact rejected by my noble Friend the Minister of State, Lord Adonis. Indeed, many of those proposals were made on the basis that there would not be unfettered continuation of ticket supplies

to the travelling public where there was clearly demand for it. Decisions were taken about some ticket offices, but many proposals were rejected. I draw attention to the work that we, and indeed the hon. Lady, have done on access for all, secure stations and the assisted passenger reservation service.

**Joan Ryan** (Enfield, North) (Lab): My hon. Friend will be aware that First Capital Connect's far-reaching proposal to reduce ticket office opening hours affects 28 constituencies and a large number of stations, including Enfield Chase and Gordon Hill in my constituency. It will affect security, and it represents a reduction in customer services and is not good value for money. I hope that the Minister will reject the proposal when he considers it, taking those grounds into account.

**Paul Clark:** I know that my right hon. Friend has campaigned extensively in respect of the stations that fall within her constituency. She will be aware of the benchmarks that my noble Friend Lord Adonis put in place with South West Trains, one of which is that if there is an average sale of 12 tickets per hour in the hours that would be affected, a proposal will be rejected outright. That benchmark has required First Capital Connect to withdraw its proposals for 56 stations. Indeed, we have asked it to revise them again on that basis. I know that my right hon. Friend will be meeting my noble Friend in due course once First Capital Connect has made new proposals.

**Topical Questions**

T1. [261724] **Martin Linton** (Battersea) (Lab): If he will make a statement on his departmental responsibilities.

**The Secretary of State for Transport (Mr. Geoffrey Hoon):** Following my statement to the House on 15 January, work is now well under way on developing proposals for a second high-speed rail line in the United Kingdom, as I set out to the House earlier. On 12 February I announced a funding package for London that included an extension of the East London line to Clapham Junction. Transport for London has committed to completing the new line by 2012.

Last week, along with my right hon. Friend the Secretary of State for Energy and Climate Change, I announced that the independent Environment Agency will police the EU emissions trading scheme, which, by capping net carbon dioxide emissions from aviation, will cut carbon emissions substantially right across Europe and provide real incentives for airlines to play their part.

Yesterday, I published a consultation document on proposals to reform the economic regulation of airports. Those proposals are designed to put the interests of passengers at the heart of a new regulatory regime, ensuring that airports make the best use of existing capacity while also having regard for the environmental impact of their operations.

**Martin Linton:** Will my right hon. Friend take it from me that the most popular thing that he has done as Secretary of State for Transport is to give the go-ahead to phase 2 of the East London line extension? That will fulfil our manifesto commitment, create a London orbital network and link Clapham Junction to the tube. Can he tell the House when it is expected that work will be completed on that project?

**Mr. Hoon:** Another station at which I got out was Clapham Junction, where I was delighted to meet my hon. Friend, who has campaigned long and hard for the extension. I pay tribute to his determined efforts, which have now been rewarded. As I said, Transport for London is committed to completing the new line to Clapham by 2012.

T4. [261727] **Richard Ottaway** (Croydon, South) (Con): Under the Traffic Management Act 2004, the Secretary of State is meant to introduce plans to deal with the proliferation of street works. If he has had the privilege of driving from Croydon to Westminster in recent weeks, he will realise that the journey has been considerably slowed by an endless stream of roadworks—adding to congestion and pollution—and, in one case, traffic lights only 300 yd apart. When will he introduce the plans and stop dithering on that important issue?

**The Parliamentary Under-Secretary of State for Transport (Paul Clark):** We have been in consultation with several London authorities and, indeed, with Kent county council, about proposals for dealing with roadwork schemes. That consultation continues. The schemes have to be robust and meet the requirements, but I recognise motorists' frustration about the major roadworks to replace some of our major utilities. We are well aware of that, and I am in dialogue with the national joint utilities group to ensure that we make progress.

T2. [261725] **Ms Angela C. Smith** (Sheffield, Hillsborough) (Lab): The statement about the High Speed 2 project is welcome, especially the commitment to take seriously a trans-Pennine link. However, National Grid has made it clear again today that it is not prepared to support continued funding to maintain the Victorian tunnels on the Woodhead line. Will a Minister from the Department meet me to discuss that worrying development?

**Mr. Hoon:** First, may I pay tribute to my hon. Friend's determination to maintain the availability of the Woodhead tunnel? She is right to ensure that that facility remains available in the long term, in case decisions are made that require its use. I am aware of the issue that she raises, and I would be delighted to meet her and any delegation that she would like to bring with her to discuss it.

T3. [261726] **Andrew Stunell** (Hazel Grove) (LD): Northern rail services have been disrupted by the new timetable for the west coast main line, with many trains shortened and my Hazel Grove constituents left standing on the platform, unable to get on jam-packed trains. Will the Minister agree urgently to redeploy the trains on the Oldham loop, so that the hard-pressed commuters of Stockport can at least get to work?

**Mr. Hoon:** I am aware of the consequential knock-on effects for the hon. Gentleman of the significant improvements on the west coast main line. We will carefully consider addressing those problems.

T5. [261728] **David Taylor** (North-West Leicestershire) (Lab/Co-op): Among the Secretary of State's many visits to far-off stations, last week he attended the Omega project event, where there was an update from leading climatologists on the extent of aviation's contribution to climate-changing emissions. How do officials in his Department and elsewhere in Government plan, in calculating the true environmental impact of that form of transport, to use the latest scientific evidence of aviation-induced cirrus cloud, which has four times the adverse impact of $CO_2$ alone, as he knows?

**Mr. Hoon:** I am tempted to respond by suggesting that I send a copy of the speech that I gave on that occasion to my hon. Friend, but I anticipate, in the light of his observations, that it might not persuade him. In it, I set out the importance of recognising that his constituents and mine continue to want to fly, and of ensuring that that ambition is matched by a genuine commitment to reducing carbon emissions. The practical measures that I outlined are designed to ensure that not only can people take the opportunity of visiting family and friends and travelling for business, as they increasingly wish to do, but that they are fully conscious of the consequences of their actions for our environment. I will send him a copy of the speech after all.

T6. [261729] **Mark Hunter** (Cheadle) (LD): Does the Minister have any message for my constituents in Cheadle Hulme, who have waited patiently for years for long-promised improvements to their railway station? Does he agree that commuter stations where the only current access is via a steep staircase should be given absolute priority in the improvement programme?

**Paul Clark:** In earlier answers we indicated that there is a programme to work on our stations to improve accessibility. I understand the frustration that the hon. Gentleman may feel, but that programme costs money. The money must be found and the priorities—ensuring better and more reliable services, ensuring that they arrive on time and ensuring affordable fares—must be set. We continue to roll out the access for all programme, as well as the smaller schemes, to make stations more accessible to all concerned.

**Kerry McCarthy** (Bristol, East) (Lab): We did not quite get to Question 10 on the Order Paper, which was my question about which sections of the M4 and M5 around Bristol it would be possible for people to use the hard shoulder on. Can the Minister tell the House how the proposal squares with the Government's environmental objectives? Some people would interpret it as encouraging road use, rather than tackling the problems of congestion in the Bristol area.

**The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick):** I can reassure my hon. Friend that the proposal meets the Government's objectives on climate change and reducing emissions. First, using hard shoulder running will mean fewer emissions than there would be if we had to widen the motorway. Secondly, more consistent travel times will mean fewer emissions from vehicles, because there will be less congestion. More reliable journey times will also mean that vehicles will reach their destinations on time, which means better planning. The proposal will lead to a reduction in emissions, which is fully consistent with the Government's climate change programme.

T8. [261731] **Mr. Philip Dunne** (Ludlow) (Con): Yesterday, Ministers floated in the press the idea of reducing the national speed limit to 50 mph on single carriageway roads. There is not a single stretch of dual carriageway road in my constituency, which is the eighth largest in England. Instead of introducing a blanket ban and causing frustration for all the drivers in my constituency, would it not make much more sense for the Government to target resources on known accident blackspots?

**Jim Fitzpatrick:** No decision has been taken—we will shortly be consulting on the post-2010 road safety strategy—and there will not be a blanket ban either. Currently, local authorities may exercise discretion to reduce or increase the speed at which vehicles can travel on a particular road, depending on the nature of that road. However, 62 per cent. of deaths occur on A roads that carry only 40 per cent. of traffic, so it would be wholly inappropriate for us not to examine whether the opportunity exists to save lives and reduce serious injuries. The information and the data from the Transport Research Laboratory show that if we make the speed adjustment, we can save 250 lives and prevent 1,000 serious injuries. We have to look at the proposal, but we have not made a decision yet, although it may be part of the consultation, which will be out shortly, on formulating our road strategy for 2010 onwards.

**Mr. Clive Betts** (Sheffield, Attercliffe) (Lab): With regard to the new high-speed rail network, may I ask my right hon. Friend the Secretary of State to be ambitious? Instead of looking at a single line serving Manchester and Leeds by a rather convoluted route, will he look at an alternative, which is to have two lines—one going to Manchester and the north-west and the other branching off at Rugby, serving Nottingham, Derby, Sheffield and Leeds, which are the major population centres of the east midlands, south Yorkshire and west Yorkshire? That option would have major economic advantages.

**Mr. Hoon:** As my hon. Friend will be aware, I do not lack ambition in that respect. Personally, I am very attracted to what he has outlined, but it is for High Speed 2 to advise the Government on the practical steps that will be necessary, and we will draw its attention to his observations.

## WOMEN AND EQUALITY

*The Minister for Women and Equality was asked—*

### Equality Duty

1. **Lyn Brown** (West Ham) (Lab): Whether the proposed new equality duty will apply to equality of opportunity in respect of religion and belief. [261694]

**The Solicitor-General (Vera Baird):** Yes, the new single public sector equality duty will require public authorities to advance equality of opportunity for people of different religions or beliefs and for those of none. As part of being committed to creating a fair society with fair chances for everyone, we will tackle the discrimination and disadvantage that people can face because of their religion or belief or because they hold no belief, as well as the barriers that they can face when accessing public services such as health care. Extending the duty to cover religion or belief will also end the discrepancy whereby Sikhs and Jews are covered by the duties, but atheists, Muslims and Christians, for instance, are not.

**Lyn Brown:** I thank my hon. and learned Friend for that answer. The issue has been raised with me by constituents who are a little concerned, so can she emphatically tell the House that it is not about promoting any particular religion, but about protecting those who suffer adverse discrimination because they practise their religion?

**The Solicitor-General:** Yes, I can. That is an important distinction to make. We are interested in getting public authorities to think about those individuals who, as a result of their religious belief, or the manifestation of that belief, face discrimination or disadvantage, so the duty should act as a spur to public authorities to take action to address the under-representation of Muslim women, for instance, or to tackle the health barriers that disadvantage some people because of a religious limitation on from whom they are prepared to take health advice. That is an important distinction to draw. It is about making sure that no one suffers when there is evidence of need.

**Bob Spink** (Castle Point) (Ind): Will this new duty cause the Government to address the inequalities that women suffer in the state pension?

**The Solicitor-General:** Forgive me; I thought that the hon. Gentleman was going to ask me a question about religion or belief, and I am having a problem linking that to the state pension and women. However, some pretty clear steps are being taken in legislation to try to equalise that position, and I am perfectly happy to get someone else to write to him about those.

## Equality Bill

2. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What safeguards she plans to include in the equality Bill to protect employees and service users against discrimination by religious organisations providing public services. [261695]

**The Solicitor-General:** Existing legislation already protects employees and service users against discrimination based on sexual orientation, race, disability, sex, gender reassignment, and religion or belief; it also protects employees on the ground of age. The equality Bill will maintain all that and extend protection on the ground of age to the provision of goods and services. Religious organisations providing public services are subject to the requirements of discrimination law in the same way as other organisations, save for very limited exceptions designed to ensure that people's rights to hold or manifest a belief are not interfered with. Religious organisations carrying out public functions will be fully subject to the new equality duty.

**Dr. Harris:** I am grateful to the Minister for her answer. Does she accept, however, that there is concern among people in the lesbian and gay community, for example, that as employees of organisations that are tendered out to religious organisations—as the Government propose, not unreasonably—they might be the victims of discrimination? Is she at least willing to meet people from that community—and, indeed, from religious organisations—in an attempt to reassure them that the legislation that she describes will have an impact and prevent this kind of discrimination?

**The Solicitor-General:** Yes, of course. I will be very happy to meet anyone with concerns about what we are proposing to do. The hon. Gentleman will recall that we have already spent an extra period of time consulting on this particular provision. In July, we announced that we were unsure whether to proceed with the requirement that we should fully implement the entire duty in favour of religious organisations. We then consulted 11 religious and non-religious organisations and re-consulted 20-odd public authorities. We also took in the views of four lesbian, gay, bisexual and transgender groups and women's groups. There was more or less a clear consensus that the provision should progress in the way that I have set out, and that there were no major problems with it, but if, despite that, there are still concerns, of course I will see people again.

**Ms Sally Keeble** (Northampton, North) (Lab): Is my hon. and learned Friend aware that the women working in the Church—particularly women clergy; I have had a case in my constituency—do not have the same safeguards against discrimination and harassment in the Church? Will she therefore work with the Church Commissioners and the Department for Business, Enterprise and Regulatory Reform, which has a working party on this subject, to ensure that women clergy and vicars are protected against discrimination and harassment at work?

**The Solicitor-General:** Yes. I suppose that this question deals primarily with religious organisations delivering public services, and, in that situation, they will be entirely subject to the whole of the law. But, of course, if there are workers who are entitled to bring discrimination and harassment claims against Churches, we must ensure that they are adequately protected against that kind of unacceptable treatment.

**Sir Nicholas Winterton** (Macclesfield) (Con): Will the Minister accept that there must be a sensible balance in this debate? There are many religious organisations that provide valuable public services, but they have long-standing, genuine, sincere beliefs and philosophies. It would be a great shame if, for whatever reason, they had to stop providing those public services. There is always an alternative organisation to help those people who feel that they might be discriminated against. Should there not be a balance in a sensible country?

**The Solicitor-General:** In a sense, there is a balance, in that if it is a genuine occupational requirement that someone should, for instance, adhere to a particular religion—a vicar in the case of Christianity—an exception is made for such a thing, but it is really not conceivable that we can allow public functions to be delivered in a discriminatory way.

**Mr. David Burrowes** (Enfield, Southgate) (Con): Does the Minister share my concern that equality legislation is in danger of being brought into disrepute by cases such as that of nurse Caroline Petrie, who was disciplined for offering to pray for her patients. Do we not need to tackle the concern of many with religious beliefs, and of Christians in particular, who themselves say that they are facing increased discrimination?

**The Solicitor-General:** I do not think that that question was about the equality legislation that we are bringing into force. Clearly, everybody has to behave in a balanced

and sensible way, and the whole point of the legislation is to promote good cultural relations and good relations among people of all kinds and all faiths. We will drive on with that purpose.

**Women (Public Appointments)**

3. **Jo Swinson** (East Dunbartonshire) (LD): What steps she plans to take to increase the number of women in public life; and if she will make a statement. [261696]

**The Parliamentary Secretary, Government Equalities Office (Maria Eagle):** Action by the Government, and particularly by the Labour party, has increased the number of women in Parliament. However, the under-representation of women in public appointments has improved only slowly. Indeed, there has been a recent drop in numbers, which shows that there is more work to be done by all of us who believe that increasing diversity improves decision making across public services. I hope that the hon. Lady and her party will join us in doing that work.

**Jo Swinson:** I thank the Minister for that reply. She will know that research by the London Business School found that the best-performing teams are of an equal mix of men and women. In fact, a recent study of French companies found that the fewer women managers a French company had, the bigger the drop in its share price since January 2008. Of the 39 directors in the Government-owned bank, just three are women, so why have the Government not acted to put more women on the boards of banks and will they now do so?

**Maria Eagle:** I am interested to hear the conclusions of the research that the hon. Lady mentions. It is, of course, important to have diverse representation across all public appointments, which is what the question is about. We are shortly to introduce new diversity targets for public appointments, and I believe that the public sector should lead by example. I will pass on the hon. Lady's comments to my right hon. and hon. Friends in other Departments.

**Anne Moffat** (East Lothian) (Lab): I think that there is no other party in government than Labour that has ever done more to promote women in public life. What I am most concerned about for women is the impact of the economic downturn, which might be leading to an increase in domestic violence. What will the Government do to put in place plans to support women—

**Mr. Speaker:** Order. The question is about women in public life, so the hon. Lady is straying from it.

**Peter Bottomley** (Worthing, West) (Con): As well as doing what the law requires, will the Minister use her good offices to interview any Church of England bishop who says that he will not appoint a suffragan who is prepared to ordain women?

**Maria Eagle:** I have to be careful about getting too involved in the internal affairs of the established Church, but I will pass on the hon. Gentleman's remarks to the appropriate people. He will no doubt be aware that the Second Church Estates Commissioner has questions on 19 March.

**Julie Morgan** (Cardiff, North) (Lab): Is my hon. Friend aware of the Equality and Human Rights Commission report, "Who Runs Wales?", which was published at the weekend? It shows that there is still good female political representation in the Assembly, with 70 per cent. of Labour Members being women, but it painted a dismal picture in other sectors—for example, there were no female chief executives in the top 100 private companies in Wales. What would the Minister advise to deal with that information?

**Maria Eagle:** We hope to lead by example, and I think that the Welsh Assembly has done a good job in ensuring that there is more equal representation. I believe that we all have to make more effort and one of the ways we can do that is by this Parliament showing a lead. In that respect, the conference that is looking into the representation of women, disabled people and ethnic minorities here in this House has a very important role to play. We must ensure that we make progress on such matters and show the rest of society—civil society, but also organisations in the private sector—the advantages that increasing levels of diversity can provide for the future.

**Lynne Featherstone** (Hornsey and Wood Green) (LD): Part-time and flexible working allow many women to carry out dual roles, but most of that work is available only in the service or retail sectors, so employers need to be educated as to the benefits at all levels. Does the Minister agree that that should also apply to the senior grades in the civil service? How many jobs at the highest level are offered part-time?

**Maria Eagle:** We need to make more progress on appointments, although the civil service is better than many other organisations in trying to improve its diversity and promote job shares and part-time working. It is much more flexible than some organisations in the private sector, for example. The points that the hon. Lady makes are good. We need to make progress in all those areas across the public and private sectors if we are to make a reality of equality and if we are to reap the full benefits that we all understand diversity can bring.

**Rape Crisis Centres**

4. **Christopher Fraser** (South-West Norfolk) (Con): What recent assessment she has made of the adequacy of funding arrangements for rape crisis centres. [261697]

**The Minister for Women and Equality (Ms Harriet Harman):** This financial year—in addition to local authority funding and £1.25 million from the victims fund—the Government have paid out £900,000 from a £1.1 million special fund for rape crisis centres. Since the special fund was announced in March 2008, no rape crisis centre has closed. My officials have been working closely with Rape Crisis England and Wales and the Survivors Trust to shape how this year's special fund will work. We will announce details of the fund shortly.

**Christopher Fraser:** Many local authorities do not receive the funding that they need to establish rape crisis centres. Will the Minister commit to instituting a three-year funding cycle for rape crisis centres in all local authorities?

**Ms Harman:** As I have said, we have increased the funding to local authorities and through special funds. I have to say to the hon. Gentleman that it is important that he and all hon. Members look at what their own local authorities are doing and whether they are providing the services for which they have been financed. I would also say that the money and the investment in those much-needed services come from the Department for Communities and Local Government budget and the Home Office budget. Those are two budgets on which his party has not offered to match the funding that we are promising to put in. We want more funds to go in, but Opposition Members express concerns while not even being prepared to match our spending. I think that that lacks conviction.

**Laura Moffatt** (Crawley) (Lab): The horror of rape goes on for many years, as my right hon. and learned Friend knows. The crisis arises at the beginning, but the pain goes on. Within that examination and the welcomed increased spending, has she looked at excellent services such as that provided by the rape and sexual abuse centre in Guildford, which serves my area and many others in helping women through many years of after-effects following the original rape?

**Ms Harman:** I pay tribute to the Guildford centre, which my hon. Friend mentions. We need not only a prompt criminal justice response if the woman reports an incident to the police, but prompt and good health services. That is why our sexual assault referral centres are so important. Often, the trauma following a sexual assault or a rape can last a lifetime, and the overwhelming majority of such assaults are never reported, so we need a system that deals effectively with those assaults that are reported, but also supports women who cannot bring themselves to report but need help to find a way forward after such trauma.

**Mrs. Theresa May** (Maidenhead) (Con): The Minister really needs to get herself up to date on Conservative party policy, because we have announced £2.5 million for up to 15 new rape crisis centres. I welcome the fact that today she has said that the £1 million extra funding will continue into the next financial year, but we are three weeks away from the end of this financial year. Many rape crisis centres do not know whether they can continue, such as Rape Crisis in Wycombe, which serves my constituency. It has had to cut staff hours and reduce its services because it does not know its future financial position. When will the Government adopt our policy of three-year stable funding for rape crisis centres?

**Ms Harman:** I am sorry, but I really am not going to accept that from the right hon. Lady: her party would cut funding to local government and to the Home Office, but we are being told that we are not spending enough. We have rolled out sexual assault referral centres and set up a special fund, and we are working with the umbrella organisations. Since we set up the special fund, not one single rape crisis centre has closed. If she is saying that more money should be put into this sector, she should say where it would come from because her party's policies would see it cut. Unless the Conservatives can put their money where their mouth is on this, I am not going to be listening.

## Points of Order

3.35 pm

**Alan Duncan** (Rutland and Melton) (Con): On a point of order, Mr. Speaker. May I seek your guidance on a matter of procedure? I note that motion 5 on today's Order Paper proposes that the House rise for the Easter recess on Thursday 2 April. On the same day the G20 summit, which is clearly a meeting of enormous importance, will be hosted here in London. Would it be in order for any Member to table a manuscript amendment proposing that the House rise the following day, in order to give the Prime Minister a chance to make a statement about the summit that he will have hosted?

**Mr. Speaker:** The motion is unamendable, so it must be put forthwith, but hon. Members are, of course, entitled to oppose it.

**Mr. Peter Atkinson** (Hexham) (Con): On a point of order, Mr. Speaker. Yesterday's Order Paper included a meeting of the new Select Committee on North East Regional Affairs, but there is no mention of it in today's *Votes and Proceedings*. I subsequently discovered that it could not meet because it was inquorate, and that the quorum was only three. Surely if a Committee of that kind could not proceed, the fact that it was inquorate should be recorded in *Votes and Proceedings*. This initiative was trumpeted by the Government as an important regional development, yet they could not get three of their MPs together to launch it.

**Mr. Speaker:** I can only say that if no proceedings took place because the meeting was inquorate, there is nothing to report to the House.

**Miss Julie Kirkbride** (Bromsgrove) (Con): Further to those points of order, Mr. Speaker. The West Midlands Regional Affairs Committee was also due to meet yesterday, and failed to do so because it was similarly inquorate. As a custodian of the resources of the House, Mr. Speaker, do you not agree that if there is a consistent pattern of regional Select Committees not meeting because they are inquorate, there is a case for reviewing their very existence?

**Mr. Speaker:** That is a matter for members of the Committees. As hon. Members know, I have often chaired meetings of the House, and some days I have wished that those were inquorate, so that I could go for a coffee—but so often the opposite was the case. Members have a responsibility to turn up at meetings, and they should attend those meetings and do their duties. I will go no further than that.

**Mark Pritchard** (The Wrekin) (Con): On a point of order, Mr. Speaker.

**Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab) *rose—*

**Mr. Speaker:** I call Mr. Pritchard first, but I shall come to the hon. Lady, if she is patient. She must not worry.

**Mark Pritchard:** Thank you, Mr. Speaker.

Sadly, the Wrekin Construction group, which is in my constituency, announced today that it was going into administration. The company has been around for nearly 50 years, and 1,100 people will be affected: 600 jobs will be affected directly, and 500 indirectly. Indeed, jobs will be affected in the great city of Glasgow as well as in Shropshire and the west midlands.

I alerted the Business Secretary to the fact that the company was experiencing short-term financial difficulty, and needed strong support and help from the Royal Bank of Scotland, back in December 2008. The Business Secretary has done absolutely nothing to help the company. Those massive job losses were avoidable. As I have said, the company has been around for nearly 50 years. It has an order book worth £50 million. It is profitable. It is an absolute scandal that although Ministers knew that this was avoidable, the Government have done nothing to save jobs. If the Business Secretary comes to Shropshire, rather than having green custard on his face, he will definitely have egg on his face.

**Mr. Speaker:** Order. The hon. Gentleman made his case and made his protest, but he went too far when he mentioned the attack on a Minister. An attack on any Minister in this Government should never be allowed, and no Member should give any indication that he or she in any way approves of such behaviour.

All of us, from time to time, face redundancies in our constituencies, and we have a duty to fight as best we can. The hon. Gentleman has been a Member of the House for long enough to know that there are Adjournment debates and there are parliamentary questions, and that he can also seek a meeting with the Minister whom he mentioned. Those are the steps that he should take to try to help the job situation in his constituency.

**Mrs. Hodgson:** Further to the point of order made by the hon. Member for Hexham (Mr. Atkinson), Mr. Speaker. I am a member of the newly formed North East Committee, and I received an e-mail from the Clerk yesterday afternoon telling me, prior to that meeting, that it had been cancelled, so that is probably why nobody attended the meeting. I have all due respect for the hon. Gentleman, but I am not sure where he got his information from. If a meeting is cancelled, is there any way of recording that in *Hansard*?

**Mr. Speaker:** The hon. Lady has managed to record that the meeting was cancelled, so there we are.

**Sir Nicholas Winterton** (Macclesfield) (Con): On a point of order, Mr. Speaker. I know that you are in a difficult position on this, but the matter raised by my hon. Friends the Members for Hexham (Mr. Atkinson) and for Bromsgrove (Miss Kirkbride) highlights an important issue. Two regional Select Committee meetings were scheduled to take place, but in fact they did not—although perhaps one of them did take place but because it was inquorate, nothing occurred. Surely that should be registered on the Order Paper the day following such a scheduled meeting, Mr. Speaker, so will you look at whether these matters could be reported in the Order Paper of the House, because I can only say to the Leader of the House, "We told you so"?

**Mr. Speaker:** The hon. Gentleman has a massive knowledge of these matters, and what I say to him is that the record shows the proceedings of the House,

*[Mr. Speaker]*

and if a meeting is inquorate and did not operate, it is not a proceeding of the House and therefore there is nothing to report. If this is a concern for hon. Members, they can take the matter up with the Procedure Committee.

**Mr. Henry Bellingham** (North-West Norfolk) (Con): On a point of order, Mr. Speaker. I seek your advice and guidance. During the Committee stage of the Coroners and Justice Bill, we had a lengthy discussion on clause 152, which brings in wide-ranging data-sharing powers. During the debate, as is recorded in columns 389-90 of the Committee *Hansard* for 26 February, the Minister replying said she would sit down with Opposition Members and bring in "a more streamlined version" of the clause. However, the Secretary of State announced in the Sunday press that he would drop clause 152 completely. Why is it that when Ministers give a commitment to deal with matters in Committee or on the Floor of the House, they then go to the press instead? Surely this must be condemned, Mr. Speaker? Because you uphold the rights of Parliament, what can you do to prevent Ministers from behaving in such a way?

**Mr. Speaker:** What the hon. Gentleman can do is raise the matter when the Bill comes back from the Lords. He is entitled to do that.

**Mr. William Cash** (Stone) (Con): Further to the point of order made by my hon. Friend the Member for The Wrekin (Mark Pritchard), and your comments on that, Mr. Speaker. I have followed your suggestion that we ought to seek meetings with Ministers; in respect of both JCB and Waterford Wedgwood in my constituency, I have raised questions with Ministers, but we have not so far had any meetings. I understand that there are pressures on them, but I must say that although you have remarked that we should have meetings, Mr. Speaker, that does not necessarily mean that we get them. I appreciate that is not your fault, but I wish Ministers would do what they are asked to do.

**Mr. Speaker:** The hon. Gentleman is a very experienced lawyer, and maybe I should have said that Members could "request" meetings, because the request is in the hands of the Minister concerned. When I was a Back-Bench MP with a difficulty, Ministers—who were not in the same political party as myself—were always very good at meeting a constituency Member. *[Interruption.]* Well, all I would say is that I would hope that when there is unemployment, or there are dangers regarding unemployment, in a constituency, Ministers take that seriously, and meet hon. Members. I think that is very important indeed.

**Mr. David Kidney** (Stafford) (Lab): On a point of order, Mr. Speaker. May I report that the West Midlands Committee, of which I am a member, did not meet yesterday?

**Mr. Speaker:** Well, there we are; it has all gone on the record.

## Bankers' Pensions (Limits)

*Motion for leave to introduce a Bill (Standing Order No. 23)*

3.44 pm

**Ann Clwyd** (Cynon Valley) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for the pensions of board members of banks that are wholly or partly in public ownership to be limited in certain circumstances; and for connected purposes.

My Bill is born of public anger; there is hardly a household in the land in which anger has not been expressed, and outrage has not been felt, over the greed, selfishness and professional incompetence of a handful of Britain's most prominent bankers. They, through a combination of overconfidence and professional arrogance, have completely undermined the reputation of, and public confidence in, the British banking industry.

Listening to these people's mealy-mouthed apologies to the Treasury Committee some weeks ago, I just felt how totally detached they are from the world outside and from the daily experiences in the lives of people in my constituency. There is a total disconnect, and they seem to preside over a world wherein they are accountable to nobody. Their remuneration, pensions, and perks appear to be determined by a small tightly knit group of the privileged, who divvy out the cash like robbers stacking up the notes for the great share-out following a bank heist. Their ruthless decision taking has gone unchallenged for far too long. Since the big bang, successive Governments have progressively trusted them to operate within conditions of carefully manicured deregulation. They have exploited the opportunities that have been offered in a cavalier manner, and are now drawing us back into a period of greater regulation. They have only themselves to blame.

There has been almost a conspiracy of silence from the beneficiaries of those people's largesse. In particular, institutional investors have rigidly remained silent, for fear of upsetting the dividend streams that have inflated the funds under their management; they themselves have feasted on a culture of fat bonuses and inflated commissions. At some stage it was all bound to come to an end, and now that we have reached that point, we must build on sturdier foundations.

My right hon. Friend the Prime Minister has rightly said that the conduct of those bankers has been "unjustifiable and unacceptable". If only the international community had responded more positively to his calls, made nearly 10 years ago, for greater international co-operation and supervision, things might have been different. The international banking community knew that no nation state could act in isolation, and step out of line by imposing tighter regulation, without undermining the credibility of its own national institutions. We have become the prisoners of international inaction, while greedy bankers at home have known the truth and have been able to gorge on it—they have dishonoured their profession.

Britain had once been the envy of the world for the success of its banking institutions. We had led the world in innovation with our banking products, investment management services, transfers and competition generally. Now the spivs have moved in to destroy a carefully constructed reputation. My Bill should make them sit

up and think twice before they come running to the state for a bail-out at massive cost to the taxpayer; if they want our help they will have to pay for it, and we know that they will not like that.

My Bill would amend section 91 of the Pensions Act 1995, subsection (2) of which deals with the inalienability of occupational pensions and states:

"Where by virtue of this section a person's entitlement, or accrued right, to a pension under an occupational pension scheme cannot, apart from subsection (5), be assigned, no order can be made by any court the effect of which would be that he would be restrained from receiving that pension."

Subsection (5) allows the amendment of an entitlement in certain conditions, such as when there has been a

"criminal, negligent or fraudulent act or omission".

Those conditions do not appear to arise in the Fred Goodwin case, although the issue of negligence is still to be decided on, following the inquiry being undertaken by United Kingdom Financial Investments Ltd. It would, however, be possible to amend subsection (5) to include the acquisition by the state of a majority of the share capital in the company when the company was deemed incapable of trading as solvent, and was faced with administration arising out of the actions of individual directors. That is the substance of my Bill.

We know from events over the past week or so that the Government are being advised that forfeiture or even amendment of the Fred Goodwin pension entitlement is problematic. We now learn in the press that an attempt might be made to sue two senior executives for negligence in the exercise of their discretion over the payment. Again, we are in unknown territory.

The pension situation for employees of RBS is very different from the one enjoyed by Mr. Goodwin. Since 2003, new employees of RBS have not been able to retire early on a pension until the age of 55. Mr. Goodwin, aged 50, closed the final salary pension scheme—the one from which he is benefiting—to new entrants. Next year no employee, irrespective of their start date, will be able to draw their occupational pension before the age of 55. Employees over the age of 50 who resign, and who might be eligible for a pension at the age of 50, can claim the pension, but it is reduced by up to 40 per cent. for early payment. For RBS employees and pensioners who were employed by the company before 2001, the company also applies a pension clawback when they reach state retirement age. Irrespective of whether they qualify for a state pension, RBS claws back up to 30 per cent. of the value of a basic state pension from their company pension. That is having a disproportionate and detrimental effect on older pensioners, especially women part-timers.

My Bill does not deal with the Goodwin case, as it is not retrospective. However, it at least deals with conditions that might arise in the future if further banks need bailing out. As my right hon. and learned Friend the Leader of the House of Commons said in a recent BBC interview, the Goodwin settlement is not a pension,

"It is a severance payment."

I say that it is a severance payment dressed up as a pension, and we want our money back. That is a message that the greedy and grasping Mr. Goodwin should take on board. We recognise that his pension pot, part of which was presumably transferred in, is small in comparison with the total of toxic liabilities that remain the responsibility of RBS.

Other banks, too, might wish to keep that message in mind. I am thinking of Lloyds Banking Group, which has just this week received further protection for further billions, made necessary by its takeover of HBOS. Lloyds has always been a first-class bank. Indeed, in October it ran an advert that read, "We've been rated Britain's safest and most trusted bank. You could say we're a bank you can bank on." Within months of that advert, Lloyds, acting in the public interest to avoid HBOS's collapse, had taken over the bank only to find that HBOS had failed to reveal the toxic nature of its liabilities, bringing Lloyds, a good bank, to its knees. When Eric Daniels and Victor Blank considered the bonus and £6 million pension pot of Peter Cummings, the former head of corporate lending at HBOS, did they really think that he deserved it?

My Bill would not sort out excessive pensions paid in banks that have been able to avoid taxpayer support and guarantees; neither is it retrospective. It is a Bill for the future. In the meantime, the country asks that those who mismanaged banks, destroyed savings, undermined share prices, depressed pension funds, threatened the existence of charities and the security of millions in retirement, and put tens of thousands on the dole should give some of their ill-gotten pension money back.

I commend the Bill to the House.

*Question put and agreed to.*

*Ordered,*

That Ann Clwyd, Rosemary McKenna, John Battle, Mr. Michael Clapham, Mr. Peter Kilfoyle, Mike Gapes, Mrs. Anne McGuire, David Taylor, Andrew Mackinlay and Mr. Dennis Skinner present the Bill.

Ann Clwyd accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 3 July and to be printed (Bill 73).*

# Opposition Day

[7TH ALLOTTED DAY]

## Unemployment

**Mr. Speaker:** I inform the House that I have selected the amendments in the name of the Prime Minister in both Opposition day debates.

3.56 pm

**Mrs. Theresa May** (Maidenhead) (Con): I beg to move,

That this House notes that unemployment rose by 146,000 to 1.97 million in the three months to December 2008, the highest level since August 1997, that the number of people claiming jobseeker's allowance in January 2009 rose by 73,800 to 1.23 million, and that the number of vacancies in the UK fell by 76,000 in the three months to January 2009 to 504,000, the lowest figure since records began; further notes that unemployment among 18 to 24-year-olds was 616,000 in the three months to November, the highest total since 1995; further notes that the Government has failed to establish a national loan guarantee scheme to increase the flow of credit to businesses, and calls on the Government to establish such a scheme; further notes that the Government failed to introduce necessary welfare reform during the years of economic growth; further calls on the Government to relax the rules on jobseeker's allowance to allow unemployed people rapidly to take up training opportunities; believes that the Government should immediately cut taxes for firms taking on new employees who have been unemployed for three months; notes with concern the failure of the procurement process for Flexible New Deal, and further calls on the Government not to backtrack on the use of the private and voluntary sectors in welfare-to-work provisions; and calls on the Department for Work and Pensions to expand the use of an 'invest to save' approach to welfare-to-work services, allowing the full potential of the expertise in these sectors to be realised.

I am sure that no one in this Chamber needs reminding of the unemployment challenge that this country faces. Every day, Members of this House deal with letters and e-mails from constituents who have lost their jobs and are unable to find another. People feel helpless, frustrated, distressed and utterly let down. Who can blame them? The recession is having a devastating effect on employment around the country. No industry or geographical area remains immune from this downturn and the people of Britain are dealing with its harsh realities every day.

What has been the Government's reaction to this crisis? Have they taken immediate action to help people now? Sadly not; unemployment has been rising constantly for more than a year, yet the Government closed an average of one jobcentre a week in 2008. As late as last July, Ministers were still issuing press releases patting themselves on the back for record levels of employment, and brushing the unemployment problem to one side. As Ministers were reminding us that we should see the rise in jobseeker's allowance "in context", perhaps I can provide a little context for the Government, in the hope that it will get them to face up to the problems that we face.

There are 1.97 million people unemployed. Youth unemployment is at its highest level since 1995. There are record redundancies, combined with the lowest level of vacancies since records began. Jobseeker's allowance claims are up by 55 per cent. in one year, with the claimant count smashing through the 1 million mark, and there are more than 130,000 fewer jobs in the economy since June last year. The reality is that Britain now faces an unemployment crisis.

Yet there is still no real action from the Government. Instead, true to form, they have given us only empty promises. In October, the Government announced £50 million of help for people "currently facing redundancy". Five months on, how many have received that help? None. Why? Because the projects will not start until April. In December, the Government announced £79 million of funding. Two months later, they reannounced that help. Only then was it revealed that no new employment programmes would be in place as a result of that money until the end of this year.

The golden hello scheme was announced in January. We welcomed that—the Government had finally taken up the proposal for tax breaks for new jobs that we announced in November, but again nothing will happen until April. Yesterday, the Secretary of State announced in an interview with a newspaper that he was spending £40 million to provide extra support for white-collar workers with one-to-one interviews, which they are supposed to have anyway, and the creation of job clubs, which some job centres, such as the one in Maidenhead, already run.

We should pity the poor unemployed white-collar worker who heard that and logged on to the Department for Work and Pensions website to find out more, because there is no more information. Indeed, the announcement is not even on the DWP website. So what sort of commitment is it? Is it new money? How many job clubs will be created? Where will they be, and crucially, when will what has been announced happen? I cannot refer to job clubs without mentioning the excellent work that my hon. Friend the Member for Banbury (Tony Baldry) has done in setting up a job club in his constituency, which I am looking forward to visiting this Friday. I am sure that many people will be helped by it.

If press releases created jobs, we could believe the Government's proclamations that they are offering real help now. Unfortunately, far too many people who are struggling to find work each day know that that simply is not the case. One of the reasons why the Government have been so complacent about tackling the unemployment crisis is their complete inability to acknowledge what caused the problems that Britain now faces. This is a global recession, but Britain entered it worse prepared than almost any other developed economy. If it is all America's fault, why has the value of the pound plummeted against that of the dollar? Why is the UK's economy predicted to be worse hit than any other major economy, and why has the OECD predicted that unemployment will rise faster in the UK than in any other G7 country?

If the Prime Minister cannot admit the mistakes that he has made, he cannot help the British economy out of this recession, so perhaps this afternoon the Secretary of State for Work and Pensions will follow the advice of the noble Lord Malloch-Brown and take this opportunity to apologise to the 1.97 million people in the UK today who cannot find a job.

**Anne Moffat** (East Lothian) (Lab): As we are talking about apologies and unemployment, will the right hon. Lady take this opportunity to apologise, 25 years after the miners' strike, for the time when a whole industry and thousands of people lost their jobs and their ability to participate in socially acceptable community life?

**Mrs. May:** I say to the hon. Lady that when the Conservatives left government, unemployment was coming down. Crucially, youth unemployment was coming down. Under this Government, unemployment is going up, and is predicted to go through the 2 million mark. The Government have an abysmal record on employment. After 10 years of economic growth, almost 5 million people are on out-of-work benefits. The Government boast of creating 3 million new jobs, but up to 80 per cent. of them went to foreign-born workers. There are pockets of deprivation where well over half the people are claiming out-of-work benefits, and we have the highest proportion of children growing up in workless households in the whole European Union. The challenge of dealing with rising unemployment is deepened by the huge figures for those already claiming out-of-work benefit. That is how prepared the UK was for the downturn under this Government.

In the past few weeks, I have spoken to jobcentre staff and unemployed people, spent time with providers of welfare to work services and listened to the experiences of my constituents. When someone becomes unemployed, they understandably often turn to the state for help, and usually they go to their local jobcentre for that help. What they badly need is support, advice, knowledge and reassurance, but the question that the Government must ask themselves is whether the Jobcentre Plus network can provide all those things. Despite grand announcements of billions of pounds of funding and thousands more staff, the reality is that the Government are just reversing previous cuts, not providing additional help.

**The Secretary of State for Work and Pensions (James Purnell):** Will the right hon. Lady confirm that she still opposes the Government's fiscal stimulus, announced in the pre-Budget report?

**Mrs. May:** I am grateful to the right hon. Gentleman for his question. As he knows, we believe that parts of that fiscal stimulus have not had the effect that the Government said they would—notably the VAT cut, which cost £12.4 billion that will have to be paid off through future tax rises. As he knows, the Government were intending to put VAT back up not just to 17.5 per cent., but to 20 per cent. That will hit everybody in this country.

**James Purnell:** As the right hon. Lady continues to oppose the stimulus, will she confirm that she opposes the extra £2 billion that we put into Jobcentre Plus?

**Mrs. May:** I have just made the point to the Secretary of State that the money that he has put into Jobcentre Plus merely reverses previous cuts that were made by his Government. His Government have closed 500 jobcentres.

**James Purnell** *rose—*

**Mrs. May:** Just wait. The right hon. Gentleman's Government closed almost a jobcentre a week at a time when unemployment was already going up. The Government set their face against the reality of what was happening to the economy in this country. That is why any measures that they claim to have taken have not worked.

**James Purnell:** If the measure is making the system more efficient, the right hon. Lady should support that. Will she confirm, therefore, that she is opposing the £2 billion extra—yes or no?

**Mrs. May:** I have said to the right hon. Gentleman that all he has done is reinstate money that was previously cut from the Government's budget for Jobcentre Plus. If he is so pleased with himself, he might ask himself why the Government in the face of rising unemployment were cutting Jobcentre Plus offices and reducing the service to people who would become unemployed.

**Tony Baldry** (Banbury) (Con): The truth of the matter is that Jobcentre Plus staff are doing an incredibly good job in incredibly stressed conditions, but most of the time they just about manage to get on top of new applications for jobseeker's allowance. The Secretary of State needs to address his mind and his Department to dealing with the ever-increasing number of people who are out of work and want to get back into work as quickly as possible. Jobcentre Plus is not addressing their needs. It is not rocket science. None of the £2 billion is coming through for that group. I would welcome his coming to my constituency and meeting young automotive engineers who have been made unemployed and who desperately want to get back into the world of work as speedily as possible. Jobcentre Plus at present does not meet their needs.

**Mrs. May:** My hon. Friend is right. I was going on to make exactly that point. The problem that Jobcentre Plus faces—

**David Taylor** (North-West Leicestershire) (Lab/Co-op) *rose—*

**Mrs. May:** I will make a little more progress, then I will give way to the hon. Gentleman.

The problem that Jobcentre Plus has is that it is expected to support people in going back into work for the first 18 months of their jobseeker's claim, but it is finding it desperately difficult just to be able to process the claims as people initially come in, because of the numbers that it is dealing with, as there has been a threefold rise in benefit claims.

**David Taylor** *rose—*

**Mr. Gordon Prentice** (Pendle) (Lab) *rose—*

**Mrs. May:** I will continue to make another point on Jobcentre Plus. There will still be an opportunity for the hon. Gentlemen to intervene.

I agree with my hon. Friend the Member for Banbury that Jobcentre Plus staff do an incredibly difficult and important job, but they are also frustrated by a system that hampers their best efforts and often causes hardship for claimants. Claims are taking so long to be processed that individuals are forced to apply for crisis loans. That cannot be right. There are people who have worked hard, often giving years in tax contributions, who find that the archaic system means that they have to apply for crisis loans to feed their families. We should be seeking to ease the pain and trauma of becoming unemployed, not adding to it.

**David Taylor:** I thank the right hon. Lady for giving way. She is ladling compliments with a trowel on to Jobcentre Plus staff. Why, then, in her motion does she call on the Government

"not to backtrack on the use of the private and voluntary sectors in welfare-to-work provisions"?

All the available recent evidence shows quite clearly that where outsourcing has taken place in recent years, it is less effective, more costly and unlikely to contribute towards the resolution of the problems that the nation's economy is facing. Is it not the case that her friends in the private sector will be able to cherry-pick, at great cost to the taxpayer and little benefit to the unemployed?

**Mrs. May:** The evidence is the opposite to that. I am sure that the Secretary of State was pleased to receive the hon. Gentleman's warm welcome for the Government's Welfare Reform Bill, which is due to return to the House. If the hon. Gentleman comes along next Tuesday—17 March—for the final stages of the Bill, the Secretary of State will no doubt welcome his contributions to that debate.

**Mr. Gordon Prentice:** What she just said seems to be contradicted by the evidence insofar as it relates to what is happening in Lancashire and Cumbria. On Friday I met Peter Chadwick, who is responsible for that area. I have a letter from him, in which he writes:

"Despite the increasing volumes, I am pleased to be able to say that our average actual clearance times for the main benefits are holding up well."

He mentions jobseeker's allowance being delivered in 10.1 days, compared to the 11.5-day target; incapacity benefit delivered in 13.1 days, against a 15-day target; and income support delivered in 8.5 days, against a 10-day target. So people are being dealt with more quickly than she would invite us to believe.

**Mrs. May:** I am grateful to the hon. Gentleman for referring to the experience that he quoted. Experience is patchy across the country and there are many areas where—*[Interruption.]* Ministers on the Front Bench sneer at that, but they should not do so. In some areas people have had to find charitable support because their claims are taking so long to get through Jobcentre Plus. What is happening is not something to be sneered at; it is seriously affecting people at some jobcentres. Such delays are one of the issues with Jobcentre Plus. Giving people the fast, targeted and relevant support that they need is vital, yet all too often the processes can be slow, cumbersome and generic. We should be able to provide a smarter and more efficient service.

As I said a few minutes ago, I am sure that everybody in the House will join me in saying that Jobcentre Plus staff are doing the best that they can in incredibly difficult circumstances; any steps that the Government take to streamline the processes that those staff deal with every day will be welcome. Creating a jobcentre system that is fit for purpose is an essential weapon in the battle to tackle unemployment.

What of the services that the Government offer the unemployed? They launched the new deal, their flagship programme, in a blaze of glory, but it can be described at best as a damp squib and at worst as a damning indictment of the Government's failure properly to grasp the challenge of unemployment. In 2008, fewer than 30 per cent. of the new deal participants found a job. One third of participants on the new deal for young people had been on the programme at least once before, and that figure rises to 40 per cent. for the new deal 25-plus. There can be no denying that the new deal is an abject failure. Half of all young jobseekers who leave the new deal for young people end up back on benefits within the year. I hope that when he responds, the Secretary of State will accept the failings of the new deal system—

**James Purnell** *rose—*

**Mrs. May:** Wait—a little patience.

Those failings have been described by the right hon. Member for Birkenhead (Mr. Field), the former Minister and undoubted expert on the matter, as "woeful" and a calamity. If the Secretary of State does not accept that, will he accept the findings of a report published by his own Department last September? It said that claimants

"were more or less unanimous in the view that the New Jobseeker Interview and the Jobseeker Agreement served administrative purposes only. It was seen by almost all as a form-filling exercise that offered no real help in getting back into work or training. Very few had read the Agreement in detail before signing it."

**James Purnell:** The right hon. Lady asked me about the new deal. Does she agree with her new boss, the soon-to-be Lord Freud, that by any measure the new deals have been a great success? He also said that they had been enormously successful.

**Mrs. May:** That intervention does not even merit a response.

I return to the words of the Department's own report, which found that half those interviewed said that they never spoke to anyone at these interviews; instead, they just handed their forms to a receptionist for processing. The view of one claimant was:

"It's just: 'okay, sign it, there's your money, go'."

Jobseekers get to the new deal after 18 months on jobseeker's allowance. One person said that he just

"sat there for six months",

received no work experience or training and

"spent the majority of the time playing solitaire on the computer or listening to music."

**Rob Marris** (Wolverhampton, South-West) (Lab): In the motion to which she is a signatory, the right hon. Lady has put forward some interesting ideas that are worth debating; I am thinking of the loan guarantee scheme, relaxing the rules on jobseeker's allowance for training and cutting taxes for new employees. I see those as pump-priming measures. Will she say what her party would spend up front on those three measures in the financial year 2009-10?

**Mrs. May:** The hon. Gentleman is quick to suggest that we have a debate on the motion, and that is exactly what we are doing. If he is lucky, he will be able to catch Mr. Speaker's eye and make a fuller contribution to the debate later.

**Mr. Graham Brady** (Altrincham and Sale, West) (Con): The hon. Member for Wolverhampton, South-West (Rob Marris) mentioned pump-priming and the Secretary of State talked about fiscal stimulus. Treasury Committee members were in Leeds this morning and heard remarkable

tales about the capital programme in further education. It was completely suspended in December, leaving construction companies, which are waiting for the work and desperately trying to keep people in employment, floundering and unable to know how to proceed. Is it not ironic to hear about fiscal stimulus from a Government who prevent their own projects from going forward?

**Mrs. May:** My hon. Friend makes an extremely important point. There is, of course, a double-whammy: not only are jobs not being created because the work is not taking place, but there will not be the extra places that would have been available to people to retrain and reskill. At a recent forum on the new deal that I chaired in Maidstone, I heard from someone who had been on the new deal and from an employer, both of whom said that the right training was not being provided and that it did little to help people to get into work.

**Mr. David Evennett** (Bexleyheath and Crayford) (Con): I am listening to my right hon. Friend with great interest and I support what she is saying; she is putting the real situation vividly before the House. Does she share my concern about the growing number of young people who are not in employment, education or training? Is not that another example of Labour failing in government?

**Mrs. May:** I could not have put it better myself, my hon. Friend makes an extremely valid point. *[Interruption.]* We hear laughter from those on the Government Front Bench—laughter about the fact that so many young people are not in education, employment or training, and that their life chances are being affected as a direct result of decisions taken by this Government. It does not look from the reaction that we have had so far as if this is going to be possible, but I had hoped that Ministers might want to accept that reform is desperately needed. *[Interruption.]* I am grateful to my hon. Friend the Member for Hertsmere (Mr. Clappison) for pointing out to me the increase in the number of young people who are not in education, employment or training. Over the period from 2007 to 2008, there was an increase from 655,000 to 857,000, so 200,000 more young people are in that position.

**Mr. Oliver Heald** (North-East Hertfordshire) (Con): My right hon. Friend is talking about the new deal. Does she agree with the Select Committee on Work and Pensions that there must be great concern about the viability of the flexible new deal now that, on Government accounts, there will be some 300 per cent. more entrants to the scheme than was first thought? How can it be viable with the same amount of money and so many more people?

**Mrs. May:** I am very conscious of what the Select Committee report said about this point. As my hon. Friend says, it raised some genuine questions about what the Government are doing. We need clarification from the Secretary of State as to where things stand on the flexible new deal, because the numbers have increased. I would have hoped that the scheme would resolve some of the problems that we have seen with the Government's new deal programme, but not only have concerns been expressed in the Select Committee report, but there has been a lot of speculation in the press that there are considerable problems with the contracting process and that the October start date is in jeopardy. I hope that today the Secretary of State will be able to guarantee to the House that the flexible new deal will start in October, as promised.

However, that scheme represents only small steps towards the kind of welfare reform for which my party has been calling for years. I hope that the Government will be in a listening mood and that we can finally persuade them to take proper measures to tackle this recession and the unemployment crisis. First, we need a proper national loan guarantee scheme, because businesses need to get credit flowing again; then firms can keep people in their jobs and the unemployment rate can be checked. We urgently need to protect the jobs that exist. I hope that the Secretary of State will accept the need to introduce a proper scheme that covers all businesses of all sizes and in all industries.

Secondly, we need more support, and sooner, for everyone who is unemployed. The flexible new deal will bring the wait for support down from 18 months to 12, but that is still too long. Under Conservative welfare reform proposals, no one will have to wait more than six months for a personalised employment programme, and for those under 21 support will be available after three months. Youth unemployment is at its highest point since 1995, and it is essential that people just starting out in their working lives do not become detached from and disheartened about the whole process of trying to find work. For everybody who has been unemployed for three months or more, we are calling on the Government to provide employers tax cuts for new jobs. With a record low of vacancies in the economy, it is essential that people have the skills to allow them to compete for every job they want to, so we need to relax jobseeker's allowance rules to allow everyone the opportunity to go on a full-time training course from day one of their claim. This is not the time for half measures and timid steps forward. I urge the Secretary of State to be brave and to take the proper action that these times call for.

In the past few weeks, the Secretary of State and the Minister for Employment and Welfare Reform have been keen to reassure us that jobcentres are better because they no longer look like those seen in the film "The Full Monty". I have been somewhat bemused by their preoccupation with that issue, for what matters is not what the job centre looks like, but the service that it can offer. Whether someone is blue collar or white collar, when they lose their job such distinctions seem immaterial—they just want help and they want it as soon as possible.

The last 12 years of Labour government have left us woefully ill-prepared to deal with this recession and its impact on employment, but I call on the Secretary of State to prove his progressive credentials and to adopt our proposed measures. That would offer immediate help to people worried about their jobs and to people waking up everyday without a job to go to, and it would make a real difference to the lives of millions of people.

4.20 pm

**The Secretary of State for Work and Pensions (James Purnell):** I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes that unemployment is rising in Britain and across the world; believes that unemployment is never a price worth paying and that as unemployment rises the amount of support that is

*[James Purnell]*

offered should be increased; further notes that the Government is investing nearly £2 billion extra into giving additional assistance for the unemployed and that this will provide additional help to people losing their jobs, including a national rapid response service to react to redundancy situations, advice from day one of unemployment on skills and finding a job, assistance to pay mortgage bills to prevent people losing both their jobs and their homes, cash incentives for employers to recruit and train unemployed people, more training opportunities to help people back to work and more places on the New Deal employment programme; believes that it is preferable to invest millions into helping people now than to spend billions of pounds of public money on benefits in the future; further notes that in previous recessions the numbers on inactive benefits were allowed to increase dramatically; further believes that the mistakes of previous recessions must be avoided by investing now to prevent people becoming long-term unemployed today; and further believes that the Government should increase the support offered to people trapped on benefits by previous recessions."

We are debating a serious issue today, and I expect that there will be some areas on which we agree. There is no disagreement in my party that this is a serious recession. We all recognise that unemployment is rising sharply. Although the Conservative motion does not refer to it, I think that the right hon. Member for Maidenhead (Mrs. May) will agree that rising unemployment is a global problem and that countries around the world are being affected by it. In the UK, for example, unemployment is 6.3 per cent. It is 6.9 per cent. in the United States, 8 per cent. in Germany and France and now nearly 14 per cent. in Spain. Industrialised countries are all trying to respond to the same challenge, and we are all trying to do two simple things: first, to prevent job losses wherever possible, and, secondly, to get people back into work as quickly as possible.

I am sure that the right hon. Lady agrees that those should be our aims, but there is a difference between us about how we should respond and, in particular, about how we should fund that response. In that respect, I thank the right hon. Lady for calling today's debate to highlight the fact that she would cut £2 billion from the employment budget precisely when unemployment is rising.

**Mrs. May** *indicated dissent.*

**James Purnell:** The right hon. Lady says that she would not, but she confirmed it in answer to my question. She refused to say that she was in favour of the fiscal stimulus, so she would not put the £2 billion in. When my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) asked her where any of her policies were coming from, she refused to answer that question as well. She can intervene now if she wants to, and confirm that she would put that £2 billion in. Where would it come from? Exactly—she knows, and the whole House can see, that she would cut £2 billion from the budget precisely when unemployment is rising, repeating the mistakes of past recessions.

**Rob Marris:** Does my right hon. Friend agree that an official Opposition whose motion proposes at least three plans to tackle the extreme difficulties facing our work force, but who refuse on the Floor of the House to put any figures on their plans, are merely full of hot air and are not a serious Opposition?

**James Purnell:** The first test of a serious Opposition is whether they are able to say how policies are funded, and they have completely failed that test today. As is so often the case when people try to divert attention from the fact that they are embarrassed about their policy, all the Opposition have succeeded in doing is draw attention to the fact that they would cut £2 billion from the budget. That is why, as my hon. Friend says, their motion is a mixture of straw men and fantasy policies. Their policy on national insurance is a fantasy policy; they have absolutely no way of funding it. They cannot say that they will cut tax on employers without saying where the money will come from. That is a fantasy policy—the sort of thing that the Liberal Democrats do most of the time. I would have thought that they at least aspired to meet the test of being more intellectually credible than the Liberal Democrats, but they have failed in that as well.

The right hon. Member for Maidenhead says that people should be able to train from day one. That is a straw man: they can train from day one, as long as they are looking for work. People are doing that all around the country. The Opposition want to say that they would increase the pace at which the invest-to-save policy is rolled out. That is our policy, so that is another straw man. If they are saying that that would fund the £2 billion hole in their spending plans, it is not just a straw man, but a fantasy policy as well.

**Mr. Angus MacNeil** (Na h-Eileanan an Iar) (SNP): I am listening to the right hon. Gentleman talk about cuts and straw men. Let us leave the straw men to one side. Will he answer this question, which no one else in his Government has: why are his Government cutting half a billion pounds for Scotland over the next two years?

**James Purnell:** We are increasing spending in Scotland. Indeed, the money we are spending here will be spent in Scotland as well. The £2 billion will be spent in the normal way through Barnett consequentials in Scotland.

**Mrs. May** *rose—*

**James Purnell:** I think the right hon. Lady wants to intervene to tell me where the £2 billion is coming from.

**Mrs. May:** I did indeed want to intervene on points that the Secretary of State is making, particularly about invest to save. He is absolutely right—he has followed our policy on welfare reform and he is adopting our proposals on invest to save. However, he is being timid about it, which means that people will not get the help that they deserve as quickly as they should. Will he not now adopt our welfare reform proposals in full, rather than take the rather timid approach that he has taken hitherto?

**James Purnell:** The right hon. Lady's new boss—I am sorry to mention him again—said clearly that it would

"take at least six years to roll out a full system of provider contracts",

which is exactly what we are doing. She is obviously happy to have him as a Tory Front Bencher, but she cannot say that he is right and then suddenly say that he was talking nonsense when he said that we were proceeding at the right pace. I am glad that she agrees with our policy on introducing that system.

The Opposition's motion is a do nothing motion. They are not prepared to spend the money, so it is a motion full of fantasy policies. This is not just a theoretical debate, it is about real people. Every time someone loses—*[Interruption.]* They might want to listen to this, because it is about real people. Every time someone loses their job it is a crisis, but the fundamental thing to do to prevent it from becoming a tragedy is to help people back into work as quickly as possible. The inability to do that was not a theoretical debate in the past; it was Government policy. In the 1990s' recession, the number of people claiming incapacity benefit increased by half a million. The unspoken Government policy at the time was to shift people off the unemployment roll and classify them as sick and disabled. As if that were not a sick enough policy, the truly sick thing about it was that when people were put on to benefits, they were given no help to get better and no help to get back into work. It is because of this Government that people are getting that help.

The reason unemployment was considered a price worth paying under the Conservative Government was simple: they were not prepared to spend the necessary money on employment services. The people who paid the price for their policy were the long-term unemployed. We are determined to ensure that that does not happen again.

**Mrs. May:** I am grateful to the Secretary of State for his generosity in giving way for a second time. If his Government's policies on people on incapacity benefits were so great, why do we still have 2.5 million people on incapacity benefit?

**James Purnell:** The number tripled under the Conservative Government. It went from 700,000 to 2.6 million. It is only because of our policies that it is starting to fall. I am happy to deal with welfare reform at the end of my speech, but I shall go through it in the right order.

We know the history of previous Tory Governments and their mistakes, but the extraordinary thing is that the Opposition want to repeat those mistakes. It is as though they believed that the '80s and '90s were not mistakes, and that they followed exactly the right policy all along. They are not prepared to pay the cost of increasing borrowing, so they would not be prepared to help people back into work over the next two years. We would therefore pay the cost over the next two decades, as we have over the past two.

When it comes to the Tory response to unemployment, it is not about theories. It is about the history of our constituencies and of too many families that were abandoned by the Tories' policies. The danger of the right hon. Lady's policy is that that could be the situation in the present, too. It is important to ask ourselves what an employment policy without the extra £2 billion would look like. That is the question that she wants desperately to avoid.

In considering that question, let us start with the rapid response service. Today, if a company announces redundancies, it is helped by the rapid response service. We announced last November that we would double the funding for the service, and we will double it again next year. That is not fantasy policy but real delivery. The right hon. Lady said that we have announced policies but not actually delivered them. Through the rapid response service we have already helped more than 800 companies, and we will continue to help. That is not fantasy policy but real delivery that is helping people, through jobs fairs, advice on writing a CV, debt advice and reskilling. If the Tories had their way, of course, those things would not be funded and we would have to cut the rapid response service.

**Mr. Heald:** Woolworths closed with 30,000 redundancies. What has the Secretary of State's rapid response service done for those people?

**James Purnell:** We have been working with Woolworths ever since it went into liquidation. *[Interruption.]* We have provided help for people in job searches, and we have provided jobs fairs and a wide range of help. Indeed, a large number of people who worked in Woolworths have found work through Jobcentre Plus. Clearly the situation is very worrying for anybody who has not yet found work, and it is our responsibility to continue to help them.

**Julia Goldsworthy** (Falmouth and Camborne) (LD): Many constituents have come to see me not because they have lost their jobs but because their hours have been reduced—a lead indicator that businesses are in trouble and people are at risk of losing their jobs. Should not the Government pay more attention to supporting those businesses to ensure that redundancies are a last resort, and can be avoided when possible?

**James Purnell:** The hon. Lady is right—that is important. Losing overtime and hours is clearly a challenge. However, the right response is the tax credits policy, which we introduced. It will significantly cushion the reduction in people's funds, but I believe that the Liberal Democrats oppose it. The right response to people who must reduce their hours is to say that the tax credits policy will help cushion that. She might like to discuss not opposing it with her colleagues.

Under the Conservatives, the rapid response service would be rolled back. The right hon. Member for Maidenhead nearly said some kind words about Jobcentre Plus. I agree with the hon. Member for Banbury (Tony Baldry) that it has done an incredibly good job. Many people already recognise it as world class, but, in the past few months, it has really earned that reputation. For example, despite the doubling of the claims with which it deals, we are processing claims in 10 days, down from 13 days two years ago. The right hon. Lady said that it was wrong to close jobcentres, but I thought that Conservative party policy was to make public services more efficient. We have done exactly that. We have improved the service that people get and reduced the time that they have to wait to get their benefits, while decreasing spending on back-office processing and increasing front-line advisers. We have made the welfare state more active by making it more efficient. I would have thought that she supported that.

**Sandra Osborne** (Ayr, Carrick and Cumnock) (Lab): Will my right hon. Friend confirm that, when people lose their jobs, the rapid response team or those at Jobcentre Plus will inform them of all the benefits to which they may be entitled, and that the onus will not be only on the person to find out for what they are eligible? A constituent made that allegation to me last week, so I would welcome the Secretary of State's confirmation that that is not the case.

**James Purnell:** The rapid response service cannot go into all companies—sometimes companies do not agree to that—but, wherever it goes in, benefits are clearly an important part of the information it gives people. I can therefore give my hon. Friend that assurance.

In November, we announced £680 million extra, which the right hon. Member for Maidenhead would oppose, for Jobcentre Plus. She claimed that we had announced but not delivered that, but we have already recruited 4,000 of the extra 6,000 staff that we said we would fund. Again, that is not fantasy policy, but genuine delivery. What would happen under Tory policy? Conservatives would cut all that help and revert to the position in the 1980s, when it was no longer necessary to sign on to receive benefit. Consequently, it is estimated that the claimant count in 1986 was around four percentage points higher than it otherwise would have been. That cost more than £4 billion in today's money of extra benefit spending. Conservative Members would make exactly that mistake again today. They are not prepared to put the money in now to help people get back to work, and they would therefore increase the cost in future and the amount that taxpayers had to pay. The Conservatives thought that public spending was not a price worth paying; consequently, the long-term unemployed paid the price.

**Rob Marris:** My right hon. Friend mentioned statistics. I know that he was in short trousers at the time, but I remind him that, when the Conservatives were in government, they changed the figures 18 times—an average of once a year. They cooked the books for what counted as unemployment and what did not. I pay tribute to the Government, who changed the figures once in 12 years to put them on the International Labour Organisation standard. The Government have kept the figures transparent. Does my right hon. Friend fear that, if the Conservatives got in, they would start cooking the books again on measuring unemployment?

**James Purnell:** My hon. Friend makes a powerful point in his usual way. He is right—the Conservatives were more interested in fiddling the figures than in helping people back to work. That was no accident; they were not prepared to increase spending to get people back to work. As I have said several times, they would repeat that mistake.

**Mrs. May:** I thank the Secretary of State for his continuing generosity in giving way. Before the hon. Member for Wolverhampton, South-West (Rob Marris) interrupted him, the right hon. Gentleman made a point about being prepared to put money in to provide a service to people. The Department's budget will be lower in real terms in 2010-11. What changes will he make?

**James Purnell:** I will deal with that later in my speech. [HON. MEMBERS: "Ah!"] I can do it now, if hon. Members want. We will continue to make efficiency savings because, like any industrial organisation—*[Interruption.]* It is extraordinary—the Conservatives claim that they can fill their spending black hole through efficiency savings in all Departments, without affecting front-line services, yet, when a Department achieves £1.5 billion of efficiency savings, they immediately say that they are cuts. We have been able to improve our services, reducing processing times from 13 to 10 days, precisely because we have achieved efficiency savings, but that has released money to go to the front line. We will continue to have those efficiency savings, by using automation, computerisation and better working practices, but we will also put in £2 billion of extra money. *[Interruption.]* The Opposition say that they would do that too, but they would not put in the extra £2 billion. They did not do that when they were in power, so why would they do it now?

**Paul Rowen** (Rochdale) (LD): Does the Secretary of State agree with the Minister for Employment and Welfare Reform that the £230-odd million allocated for the first phase of the flexible new deal is adequate, or does he accept the concerns of the Select Committee on Work and Pensions that it is not adequate for the numbers flowing on to the system?

**James Purnell:** Actually, my right hon. Friend said that we had to look at that, and that is what we are doing. One of the uses to which we are putting the money from the pre-Budget report is increasing the amount going to the flexible new deal, precisely because the costings are increasing. However, the hon. Gentleman can ask me about that issue again when I turn to it later in my speech.

I was glad that the right hon. Member for Maidenhead recognised that job clubs already exist. Perhaps she should tell the Leader of the Opposition, because he keeps saying that we should introduce them. The truth is that job clubs continued after her Government lost power, but we modernised them, contracting with the private and voluntary service providers to deliver them. What we announced yesterday was an extra £40 million to ensure that we can widen the service and ensure that everybody gets a service that is personalised to them, so that, for instance, professionals and blue-collar workers get the right service for them.

That is exactly the right thing to do and, since the right hon. Lady asked, the programme will start in April, along with the rest of the six-month offer. *[Interruption.]* She says, "Along with everything else," but that is when we said we would introduce the programme. We announced in January that we would introduce it in April and we will introduce it in April. She may not realise that the difference between being in opposition and being in government is that people actually have to do things in government—they cannot just put out a press release on something and somehow it magically comes along. When people want to do things in government, they need a certain amount of time to implement them. We said that the programme would start in April and it will start in April.

Let me turn to welfare reform. As I am sure the right hon. Lady would agree, the Government have made strong—and in some respects remarkable—progress on welfare reform over the past 10 years. That is a genuinely impressive record. Does she disagree with the soon-to-be-Lord Freud's views on that issue? No. So I am sure that she will agree with him that we have made remarkable progress over the past 10 years. She will welcome the fact that 300,000 more lone parents are in work now than in 1997. She said that the level of people on sickness benefits was too high in this country. Actually, it was lower than in Finland, Denmark, Holland, Sweden, Australia and the United States. This country was at the

bottom of the league of international comparison, precisely because we reformed the welfare state and had a labour market that got people into work.

**Paul Rowen:** Can the Secretary of State confirm the story in *The Observer* at the weekend that only 6 per cent. of claimants on incapacity benefits working through private companies secured employment? Can he also tell us why that report has not been made public?

**James Purnell:** I am sure that the hon. Gentleman has seen the letter in the Library from our head of statistics on 13 February—before the press speculation, therefore—which explains precisely why, in his professional judgment, he has to wait for the figures to be validated before they are issued in a parliamentary answer. We have to follow the advice of our head statistician.

I am happy to speak to the hon. Gentleman about the policy in general, however. Overall, private and voluntary sector providers have helped us to improve performance significantly. Last year, they got more people into work than the year before, despite the fact that the economy was declining. However, that is in no way to criticise Jobcentre Plus or to say that it does not have a fundamental role; rather, the truth is exactly the opposite. It has always been a false choice between public and private. The point is to have a system that, through competition, gets the best out of both and ensures that people can get the contracts that they can best deliver.

With pathways to work, we also had a number of teething problems when Jobcentre Plus started working with those groups. Hon. Members might remember people who had been on incapacity benefit—often for a long time—being subject to mandatory referrals. We recognise that we need to improve performance—that is an issue for our providers, but it is also an issue for us and for Jobcentre Plus. We need to work on how we are referring people to those private providers and ensure that our systems are properly integrated. That is what we are working on, and performance is already improving. As soon as the figures are validated, we will release them through a parliamentary answer.

The right hon. Lady asked me about the flexible new deal. There is no mystery about this. Jobcentre Plus has had to change its plans and get more money, to reflect the fact that unemployment is rising, and we have had to do exactly the same thing with the FND. Doing that with private providers in the middle of a contracting process has meant that we had to write to them and ask them to amend their plans, which they have done. We continue to be committed to getting this in October, so, far from being in crisis, as the right hon. Lady's motion says, all that is happening is that we are adapting the policy to reflect the fact that the economic situation has changed since we started the contracting process. I hope she will withdraw the allegation that the system is in crisis.

**Mrs. May:** I did indeed ask the Secretary of State a specific question about the flexible new deal. I did not say that it was in crisis; I said that there were problems with it. I recognise that there has been a need to go back to the contractors, but what I specifically asked him was whether he would guarantee that it would start in October. It is due to start on 1 October, and he has said that the Government are committed to an October start. Will he guarantee to the House that the flexible new deal will start in October?

**James Purnell:** Yes, we are committed to doing it in October. The right hon. Lady should read her own motion, which talks about

"the failure of the procurement process for Flexible New Deal".

I hope that she will not be saying that again. She had not even read her own motion; that much is clear.

**Tony Baldry:** Is not the issue that we have two sorts of unemployment? There are those who have been unemployed for a considerable time, whom the welfare reform measures are trying to get back into work. The old job clubs were helpful for such people. Then there are the newly unemployed, about whom we hear practically every day in all our constituencies. They are desperate to get back into the world of work—they want to do it tomorrow. We require a step change in how we help those people by supporting them while they are out of work and getting them back into the world of work as speedily as possible. There is no lack of motivation among those people. I do not wish to make a partisan point, but I have to tell the Secretary of State that, until one started in Banbury, there was no job club in Oxfordshire. We are trying to meet the needs of those who have lost their jobs and who want to get back into the world of work tomorrow, if at all possible.

**James Purnell:** Two or three years ago, the people who came on to jobseeker's allowance with very high qualifications—if they came on to JSA at all—were getting back into work very quickly. In the new economic circumstances we have had to adapt our policy and to expand job clubs. The hon. Gentleman is absolutely right to say that there should be more help for people early on, and that is exactly why we are putting in an extra £2 billion. I hope that he, unlike those on his Front Bench, will support that.

The hon. Gentleman is also right to say that there are two broad categories involved. The first includes people who have been out of work for a long time, including workless parents and those who are sick or disabled. For them, we need to ensure that we keep up the pace of welfare reform. Some people say that we should postpone that reform until the economy recovers, but I profoundly disagree. That would involve saying to someone who was sick or disabled, "Okay, you're not going to get any help for the next couple of years", or to a lone parent, "You're not going to get any help with your skills or with motivational courses." It would also involve telling drug users that they were not going to get any help to get clean and get back to work—

**Mrs. May:** That is not our policy.

**James Purnell:** I did not accuse the right hon. Lady of having that policy, but I am happy to make that accusation, given that it actually is. She is obviously a bit too sensitive about it. We have to recognise that it is going to be harder for people to find work in the next couple of years. That is precisely why we should redouble our efforts, and not postpone welfare reform. I know that she agrees with that point.

**Mr. Heald:** Does the Secretary of State acknowledge that the problems relate not only to those with significant skills who are going to find work fairly quickly? There will also be a big rise in long-term unemployment as people with skills that would have got them a job a year ago will not find a job very quickly in the current

*[Mr. Heald]*

climate. The estimate that we on the Select Committee were given was that there would be a three to fourfold increase in long-term unemployment over the next three years. Does the Secretary of State agree with that estimate?

**James Purnell:** That is precisely the point that I was making. A few years ago, people with those qualifications would have found work very quickly. Now, we need to increase the help for them, because it will be harder for people in those groups to find work due to the state of the economy.

**Mr. Evennett:** I am listening intently to the right hon. Gentleman. Does he agree that adult and community learning provides an important route to training for many people who have been long-term unemployed? Have not the Government cut the number of community learning opportunities over the last couple of years?

**James Purnell:** On spending on further education, £83 million of the £2 billion extra spending that we announced—I risk boring the House by pointing out again that the Opposition are against it—is intended for training, so perhaps the hon. Gentleman will have a word with his Front-Bench team and try to persuade them to give up this frankly insane policy, which would repeat the mistakes of the past.

**Anne Main** (St. Albans) (Con) *rose—*

**James Purnell:** Perhaps the hon. Lady is going to say that the policy is insane.

**Anne Main:** On training, I recently participated in a debate on the curry industry, which has vacancies for skilled chefs. So far, however, the proposal to set up a specialised NVQ training for ethnic cuisine has fallen on deaf ears so far as the Government are concerned. Is the Secretary of State prepared to give more support to set up specialist training so that we can fill the vacancies in the curry industry, as some unemployed people would like to see better opportunities provided in the catering industry?

**James Purnell:** As I have said, we have announced an extra £83 million to help people who are out of work back into work—and the hon. Lady has Innovation, Universities and Skills questions every month if she wants to put that question to the relevant Minister.

We can redouble our efforts, unlike the Conservative party, because we are prepared to increase our investment. We can also increase conditionality because we can increase our investment. The Conservatives would reduce that investment, cutting support and, in the end, they would cut the conditionality, which is exactly what happened when they were in power. That is why they ended up using unemployment as a tool of policy; that is why they said it was a price worth paying, because they were not prepared to pay the cost of the right policy. The right policy is to increase support for people: we are doing that and we are prepared to pay that cost; the Conservatives are not, and the people who would pay the price if the Tories ever got back into power would be the unemployed.

4.47 pm

**Paul Rowen** (Rochdale) (LD): I, too, welcome the opportunity to debate unemployment. Aside from the loss of a family home or a bereavement, there can be few more traumatic things than losing a job. Yet since we last debated this topic on 7 October last year, another 146,000 people have lost their jobs and unemployment is predicted by the CBI to reach 2.9 million by the start of 2010. The claimant count was 1.23 million in January 2009—the highest figure since July 1999—and is up 480,000 on the year. The total number of economically inactive people of working age now stands at 7.86 million. As the right hon. Member for Maidenhead (Mrs. May) said, more than 5 million of those are on inactive benefits. We all know that many of those people want to get back into the job market.

Unlike in previous recessions, today's unemployment is not restricted to manual jobs or to the north, Wales or Scotland. No, it is rising evenly across all employment sectors and in all parts of the country.

**Mr. Peter Bone** (Wellingborough) (Con): I am listening to the hon. Gentleman and he is quite right to say that unemployment is one of the most devastating things that can happen. Does he agree that it is strange that only one Government Back Bencher is in the House, while the Opposition Benches are full? Does that not say something about how seriously the Government take this issue?

**Paul Rowen:** I agree with the hon. Gentleman that this is a hugely important subject; the presence of several Ministers reflects that. Some Labour Back Benchers seem not to agree with some of the Government's proposals, which might well be another reason why those Ministers are here.

**The Minister for Employment and Welfare Reform (Mr. Tony McNulty):** Name them!

**Paul Rowen:** Well, the hon. Member for North-West Leicestershire (David Taylor) may be one.

Young people have been the hardest hit by the recession. Over the past 12 months, we have seen a 48 per cent. increase in the number of 18 to 24-year-olds claiming jobseeker's allowance—the highest increase of any age group. Back in 1997, 18 to 24-year-olds represented 24 per cent. of the unemployed; today they account for 32 per cent. The Government's plans to increase the number of apprenticeships are laudable, but with more than 1,000 redundant apprentices in the construction industry and approximately 150 apprentices previously employed by Woolworths now unemployed, where are those companies willing and able to take on young people without some form of fiscal stimulus to assist them?

**Julia Goldsworthy:** Does my hon. Friend agree that local authorities are leading the way in this respect? A number of local authorities are helping to support young people who are finding it difficult to get into work by providing apprenticeships. Is that not something that the Government should support—devolved responses rather than trying to direct everything centrally?

**Paul Rowen:** I entirely agree with my hon. Friend. Indeed, I intend to refer to such an example from my constituency. People who traditionally have never been unemployed are losing their jobs, and the support and advice given to those people have to be reviewed and changed.

I want to share with hon. Members an account of the experience of a former Woolworths employee who went to our local job centre in the new year. More than 550 people from Woolworths were made redundant in Rochdale. This is what she said:

"The kind of support that I expected was advice on bill payment, debts, council tax etc., opportunities to retrain and grants and bursaries available... The JCP seems to be woefully understaffed and I had to wait 20 minutes for my last appointment, with the amount of people waiting to be seen it has the overall effect of an assembly line or cattle market."

**Mr. Heald:** A constituent of mine has written to me about Woolworths in Letchworth, saying that she has not had any help from a rapid response unit. She thought there was special help. Where is it? I have written to the Secretary of State today to ask him what is going on. In response to my intervention, he said that a lot is happening. Has the hon. Gentleman seen any evidence of it?

**Paul Rowen:** Like the hon. Gentleman, I met the local Jobcentre Plus manager to discuss that. To be fair, I know that there were some problems with the receivers in allowing Jobcentre Plus staff into Woolworths, but once those redundancies had happened, the help referred to in the motion tabled by the official Opposition and in our amendment to it was not available—it is not there at the moment. That is one of the main differences between the policies of the Opposition parties and Government policy.

Many people who are currently not long-term unemployed have never been unemployed before. The lady I referred to worked at Woolworths for 35 years, but suddenly she finds herself redundant. Those people need advice not only on benefits and job seeking, but on debt counselling and mortgage advice, which my constituent referred to. If someone's weekly income suddenly drops from £500 a week to £60.50, radical lifestyle changes are needed, and people need support and help to make those changes. Those changes and that help are not available at the moment, but the Government amendment to the motion and Government policy reiterate support for the Government's welfare reform proposals and the flexible new deal.

There is an almost daily drip of the announcement of new initiatives. Yesterday, the Secretary of State announced £45 million for white-collar workers, but where is the coherent strategy? What help is coercion of the long-term unemployed when those newly unemployed have to wait 12 months before they can access the full range of services that Jobcentre Plus has to offer? How are young people such as those who started a new deal for young people programme after six months out of work helped by that period being changed to 12 months? Those policies were written for the labour market of two years ago and are totally inadequate for the current circumstances.

The Work and Pensions Committee report "DWP's Commissioning Strategy and the Flexible New Deal", published last week, raised major concerns, including whether the £236 million budget for phase 1 is enough. The Centre for Economic and Social Inclusion has estimated that to achieve the flexible new deal targets, an additional £1 billion would be needed in 2009-10. Can the 37.5 per cent. improvement in job outcome performance over what has been achieved by DWP contractors in the past be met in the context of a significant reduction in funding? What is the evidence base for the wholesale marketisation of welfare-to-work provision in the United Kingdom?

The position has not been helped by reports in *The Observer* at the weekend suggesting that the Minister for Employment and Welfare Reform had suppressed figures showing that private firms

"placed just 6 per cent. of incapacity benefit claimants on their books into work, rather than the 26 per cent. they had claimed would be possible when they bid for contracts. This compared to 14 per cent. achieved by state job centres during the same period."

I note the Secretary of State's response, but perhaps he should remind the Prime Minister of the rules regarding the release of statistics. He certainly did not apply the same strictures when it came to the release of knife crime figures.

Ideologically, as Liberal Democrats we are not opposed to marketisation, although we are concerned about the headlong rush into it with what appear to be inadequate resources. The DWP's own research, shown in the review of adviser discretion released on 16 February, showed that

"advisers... believe they could get better results if they had discretion".

We agree with that, and would give people the help that they need from day one.

Both the Government and the Conservative Opposition propose giving employers subsidies for taking on unemployed people. In January the Government proposed £2,500 golden hellos, while the Conservatives have proposed tax breaks for those taking on unemployed people which would cost £3 billion. Where is the evidence that that sort of generalised employment scheme works? Back in the 1980s and 1990s there were numerous employment schemes, including the national insurance contribution holiday, which ran from April 1996 until 1999. It was expected to attract 130,000 applicants, but there were only 2,718 applications. The work start scheme ran from July 1993 until April 1998. John Atkinson of the Institute of Employment Studies found that the

"NIC Holiday appeared to be a bonus for recruiting a long-term unemployed person, rather than an incentive for so doing."

We fear that, regrettably, the Government's golden hello and the Conservatives' national insurance holiday are likely to have the same result.

The real problem facing businesses and stopping them from recruiting is not just a lack of credit, but a real and prolonged lack of demand for their goods and services. That is why the Liberal Democrats' proposal to launch a "green road" out of the recession, using the £12.5 billion being used to fund the VAT reduction, is so important. It will fund insulation and energy efficiency schemes in 2 million homes, and will begin a five-year programme to insulate every school and hospital.

**Mr. Graham Brady** (Altrincham and Sale, West) (Con): I am very interested in what the hon. Gentleman is saying. How much of the £12.5 billion has already been spent?

**Paul Rowen:** That is a question for Ministers to answer, but I would imagine that a proportion, probably a third, has already gone. When commenting on a policy, however, it is important to suggest an alternative. At least we are costing our policy, which is more than the Conservatives are doing.

**John Mason** (Glasgow, East) (SNP): Does the hon. Gentleman agree that if the money used for the VAT cut had been invested in capital construction, about twice as many jobs would probably have been created?

**Paul Rowen:** I do agree. We would expect between 90,000 and 100,000 extra jobs to be created with that £12.5 billion if our proposals were implemented. We consider ours to be a more constructive and long-lasting approach. We would build 40,000 extra zero-carbon homes and provide a raft of public transport schemes that together would create 100,000 jobs. Most of the money would be spent now, this year—not in the future—and would leave us with a lasting legacy that would save energy, reduce fuel bills and fight climate change. It is supported by the Renewable Energy Association, which has argued that investment is essential to ensure that the UK catches up on what Europe, the US and China have already committed towards green energy. Investment in people—their skills, homes and communities—is the best way to demonstrate faith in people and show that that "Yes we can" approach can be adopted.

We need flexibility and a willingness to adapt and build on the strengths of our communities. Last year, part of my constituency, Falinge, was highlighted by the media as the "benefit capital of Europe", and ranked the worst in England—and the Secretary of State visited it. In addition, it is ranked third worst for people with poor health, sixth worst for income and 15th worst in overall deprivation. It is very easy in the current climate to give up on areas such as Falinge. However, that has not happened in Rochdale; the council, the Jobcentre Plus, the primary care trust, the police, Churches and the local community have come together to develop, first, the key themes, and then key areas of transformation. Over the past six months, more than 350 people have taken part in that process. That process comes to a head today, when all members of the local strategic partnership board are touring the estate and meeting residents. There is a plan and there is a range of activities, but, above all, there is a belief that things can be changed for the better. That commitment, flexibility and support for the long term is what is needed not just locally, but nationally and globally.

**Several hon. Members** *rose—*

**Madam Deputy Speaker (Sylvia Heal):** Order. Before I call any Back Benchers, may I remind all hon. Members that Mr. Speaker has imposed a 15-minute limit on Back-Bench speeches?

5.1 pm

**Alan Simpson** (Nottingham, South) (Lab): I am pleased to follow on from the concluding comments of the hon. Member for Rochdale (Paul Rowen), because it is terribly important that this debate does not end up as a contest between different parties in which they make comparative claims as to who can offer the better quality of unemployment. Somehow, we have to reach beyond the merits, or otherwise, of jobcentres and Jobcentre Plus, to address the nature of employment in the UK, rather than the quality of unemployment.

Probably the only good thing that we can say about any recession is that it gives the Government of the day, and the country, the chance to come out at a different place from where we went in. We do not have to try to reconstruct parts of the economy that have gone into recession and contraction, and that probably are not suited to the nature of the economy in which our children and grandchildren will have to find a secure place. So we can use the trauma of a recession to give ourselves a transformation moment, and that is what the House needs to discuss.

That transformation moment must address not only where the work will be, but how we will create a society that is able to meet other non-negotiable obligations that we will all have to meet. That includes dramatic reductions in our carbon emissions—how we will achieve reductions in the ecological footprints that we place on society. I want to try to address the issue of unemployment in relation to those unavoidable obligations, and this is the key question that I want to ask of all parties and Members: where are the jobs that we see ourselves seeking to construct, in a society that will be able to live sustainably as we come out of the recession?

In the past couple of weeks there have been two important reports that should be shaping this debate. This week, there was a report from the Met Office Hadley centre in Exeter, which said that, on our current policies, if all goes well we still probably have only a 50:50 chance of surviving this century. By implication—and, in some cases, quite directly—it is saying that nothing in the current framework of public policy, other than "a flip of a coin" prospect will deliver the scale of carbon reductions that will allow society to survive in any civilised way by the end of the century. It is telling us that we need a dramatic shift in our priorities, in our intervention strategies and in the jobs we seek to deliver in order to get us out of the mess we are in and into a different future.

The second report that should frame the terms of reference of this debate is "A Climate for Recovery", which was produced by HSBC. It is an assessment of the intervention packages pursued by different Governments around the world in trying to address the recession into which we have all been thrown. It looks at how far the nature of our intervention strategies relates to a transformation moment rather than a recreation of the past. The report specifically produced a league table placing different countries in a pecking order based on their green stimuli. A great deal of publicity has been given to that, both in the UK and in other countries.

The difficulty is the gap between what we claim and what we do. Just before the Prime Minister gave his press conference about this issue last week, the United Nations Secretary-General, Ban Ki-moon, and Al Gore had a letter published in the *Financial Times*. In that letter, they not only warned about the consequences of and threats to the world from climate change, but they pointed out the opportunities. They said that, worldwide, there are now more jobs in renewable energy industries than in the entirety of the gas and oil sectors. They thought that this represented not just a policy choice and shift but a real opportunity to bring together employment agendas and strategies for getting out of global crises.

However, the HSBC report pointed out that, although Britain tries to claim that it wants to lead the world from the front, only £1.5 billion of our current economic recovery package goes into green initiatives and green stimuli. By comparison, France is spending three times as much, Germany is spending six times as much and China is spending 110 times as much, in straightforward cash terms. Britain may wish to lead the world, but it is difficult to do so from the back of the pack.

To address the point slightly differently, I should point out that Lord Stern has said that in order for us to have a viable and sustainable economy for the future, this country needs to be spending about 20 per cent. of its economic recovery packages on green investments. The tragic thing is that the current figure for the UK is about 6 per cent. Even on those percentage terms, the UK compares badly with other countries facing the same recessionary problems. Germany is spending 13 per cent. of its economic recovery package on green stimuli, and the figures for France, China and South Korea are 21, 38 and 81 per cent. respectively. Those are real resources going into a green transformation to deliver sustainable jobs for a sustainable future.

It is somewhat embarrassing to read the HSBC report, because the UK is one of only three of the evaluated countries that it puts into a category referred to as "pending". I do not think that we have a way out of the recession if our intervention measures cannot get beyond the category of "pending". It is the gap between the promises and the delivery that leaves us in this "pending" category. I do not doubt for one moment the good intentions of Ministers and Secretaries of State in different Departments. The difficulty is levering the matter out of the Treasury, so that the recovery measures for the real economy can be at least as generous as they have been for the financial economy, which got us into the mess in the first place.

The real challenge that we have to address is the fact that the Government, as well as the Opposition parties, need an employment strategy, not an unemployment strategy. It is not enough for the Opposition to table a motion that barely mentions an employment strategy. That is the great weakness of what the House is being invited to vote on today.

It is helpful that at least the motion refers to the national loan guarantee scheme. I thought that it said a lot about the Opposition that it was not mentioned at all in the speech made by their Front-Bench spokesperson. It fell to the Secretary of State to refer to the scheme, but at least there is recognition that it is an important part of the platform that we have to address. My concern is that the House should describe fairly specifically the nature of the scheme.

I invite the Minister for Employment and Welfare Reform, the Secretary of State and the House to consider the model for such a scheme that can be found in a microcosm of the UK economy. In Kirklees, a remarkable initiative known as the RE-Charge scheme has offered households interest-free loans of up to £10,000—as a second charge against the house, redeemable only at the point of sale—to enable them to shift into energy-saving and energy-generating systems. The response has been overwhelming. The lesson for us is that giving the public the chance to make that shift shows a hunger in the land to live more sustainably and more lightly than we do at the moment. We need to start to attach such conditions to the way in which a national loan guarantee scheme should work.

It is not enough to talk about guaranteeing a business just because it is in business. We have to use the levers of intervention mechanisms to deliver a business that will be fit for the future rather than a legacy of the past. The way in which the scheme needs to be extended has been set out for us in the references made by the hon. Member for Rochdale to the follow-up report produced by the Renewable Energy Association.

I am sure that other organisations around the country are able to spell out where the jobs might be, but the REA is the first that I have come across that has tried to do so. It has said to the Government, for instance, that if we were to expand the low-carbon building programme to deliver 70,000 renewable energy systems in the next two years, that could deliver 10,000 jobs. Those jobs would go to people in the construction industry who are being discarded from jobs and who have skills, rather than our having to deliver those skills from scratch. The tragedy is that, if we lose the skills, by the time we make that transformation the only people who we will find to do the work will probably be in France, Germany or other parts of Europe, where they are already intervening to give themselves the skills base, and the jobs base, for a different future. If we were to extend the programme, that would allow the Government to deliver the commitments that we have made to turn 7 million houses in the UK into energy-efficient houses by 2020. We will need those skills if we are to make that transformation and act even remotely to timetable.

If we extend the thinking behind the conditionalities of the national loan guarantee scheme, we can see how it could impact in various other sectors. In transport, for instance, we should not offer loan guarantees for the purchase of yesterday's vehicles instead of tomorrow's. Germany has introduced a scrapping scheme under which people are paid incentives to trade in their old cars in favour of low-carbon vehicles—the vehicles of tomorrow. The scheme will keep people in car manufacturing in work, but for tomorrow's models rather than yesterday's.

Britain could do the same. To underpin the 2012 Olympics, the Government could make a simple commitment to convert 500 buses and other vehicles in London to run on biomethane. That shift in sustainability could be part of a national strategy to provide jobs, vehicles and transport systems, and it is an example of the direction in which we must move.

In the energy sector, we need to bring forward our commitment to feed-in tariffs. We must not allow their introduction to slip back to 2010, because we need them this year. We need Government funding for demonstration projects on heat networks, biogas injection into the grid, smart grids and decentralised transmission networks. We also have to remove restrictions on the carbon emissions reduction targets—CERT—so that we can replace the 4 million band G boilers. All those changes would translate into jobs, and that will be the test against which the Government are judged.

The Government should not be judged on promises, or on the network of jobcentres or Jobcentre Plus offices. They should be judged on where the jobs will be delivered tomorrow. It is right for the UK to want to

*[Alan Simpson]*

lead the world, but to do that we have to change the plan. If that is going to happen, it will be driven by deeds from the front, not by words from the back.

5.16 pm

**Mr. Graham Brady** (Altrincham and Sale, West) (Con): I am pleased to follow the hon. Member for Nottingham, South (Alan Simpson). His contribution made up in quality for the lack of quantity on the Government Benches that my hon. Friend the Member for Wellingborough (Mr. Bone) noted.

I am also pleased to participate in a debate that is crucial, because unemployment is rising nationally. We have heard the figures that show the extent and rapidity of the rise, but some of the deeper analysis offers profound cause for concern. The House of Commons Library does a good monthly analysis and it shows that unemployment in my constituency has risen by 88 per cent. in the past 12 months. That is by no means the highest increase, but on current trends it is not far below the point where it will have doubled in that period.

The increase in unemployment has tended to be concentrated in the private rather than the public sector—in finance, property, retail and so-called "executive" jobs. The balance has changed, as has the distribution pattern for higher unemployment.

**John Barrett** (Edinburgh, West) (LD): Does the hon. Gentleman agree that the worst is yet to come? The Royal Bank of Scotland's headquarters are in my constituency. The bank has announced 2,300 job losses, but the new chief executive who has taken over from Sir Fred Goodwin has said that the full number will be around 20,000. There are more job losses to come in that sector.

**Mr. Brady:** I am afraid that the hon. Gentleman is right: worse is still to come. The trend in job losses continues to rise, and he has referred to a sector in the economy that has been especially harshly affected.

Beyond that, we await the so-called "second order" effects in the economic crisis. Another crucial reason why we have to care so much about the rise in unemployment is that people who lose their jobs are more likely to default on their loans and mortgages. That will add to the problems in the banking and financial sector that are already afflicting us.

Like a number of hon. Members who have spoken already today, I recently took the opportunity to visit my local jobcentre. I was hugely impressed by the dedication of the staff and managers, who over 12 months or so have had to cope with a dramatic increase in their work load. They are recruiting more staff, and are coping very well. They are acutely aware of the changing pattern and distribution of unemployment, and of the different kinds of clients with whom they have to deal.

On the subject of the little exchanges that took place earlier on the subject of job clubs, and the appropriate kind of provision for the executive or white-collar unemployed, I found that the staff at my local jobcentre were happy to accept that in the recent past they had not needed that kind of provision, and that it needed to be augmented. They are alive to the issue, and are very open to propositions, some made by constituents who have recently been made unemployed. They are working with staff to try to move forward, and that is very welcome.

The hon. Member for North-West Leicestershire (David Taylor) raised concerns about private sector welfare-to-work provision, but my local jobcentre is very relaxed about the mixture, and about the use of private sector provision, when it can be brought in most effectively. It is many years since I served on the Employment Sub-Committee of what was then the Select Committee on Education and Employment; I did so in the 1997 Parliament, when the new deal was first introduced. I vividly remember that when the Committee went to New York to see the nature of the active labour market policy being pursued there, we were astonished, even then, to see the quality of some of the provision from the private sector and voluntary organisations. They were delivering far better outcomes, in terms of people being placed in sustainable work, than was typically the case under the new deal in this country. They were also doing that work at a dramatically lower cost.

I have become less involved in that aspect of policy over the years, but I have watched with fascination as the Government have regularly said that they accept that that can be the case. They say that they are determined to introduce those different methods, and will move forward on that, but so little seems to happen. That is frustrating, because from listening to earlier exchanges it seems that Members on both sides of the House agree that the private sector can contribute. There is a huge amount of evidence internationally on ways in which that can happen, but we are still debating the subject all these years later. Organisations such as Wildcat, which I saw in New York, were brought before the then Department for Education and Employment to advise us on how the new deal might be improved, but there has been tragically little effect, compared with what we saw all those years ago.

The cost of the new deal has always been a significant concern. All that time ago, I made my own estimates; my very conservative estimate was that it cost £11,000 for every job created. The Minister at the time—I think that it was the right hon. Member for Dulwich and West Norwood (Tessa Jowell)—estimated that the cost was more like £4,000. The Select Committee—I think that at the time, I was the only Opposition Member serving on it—noted in its report that we believed that the Minister's figure was a significant underestimate. The cost was certainly between £5,000 and £11,000 per job created through the new deal. Other programmes—not just internationally but in this country—have been shown to deliver better outcomes at significantly lower cost.

In the early years of the new deal, I remember seeing evidence submitted by the Greater Manchester Low Pay Unit; it flagged up, even then, the danger of young people, in particular, moving in and out of employment, becoming disillusioned as a result, and regarding themselves as being trapped in a revolving-door system. Over the years, I have followed the extent to which that revolving-door system appeared to be present in the new deal programmes, and I have periodically tabled written questions to establish how many people are passing through that revolving door.

Perhaps it is time to ask the question again. On 18 February 2008 I received an answer pointing out that the total number who had entered the new deal for

young people was 1.25 million. The number of those who had entered only once was 890,000. Nearly 250,000 had entered twice, and nearly 80,000 had been through three times. That is a huge number of young people who have been going into new deal programmes, typically from long periods of unemployment, sometimes finding brief periods of work afterwards, then going back into new deal programmes, or returning to unemployment and to further new deal programmes.

Earlier we heard the old claims about unemployment statistics and the method of counting being changed. It is important that we remember the effect of the new deal revolving door in the context of the Government's claims about long-term unemployment. They claim that long-term unemployment has fallen dramatically over the past decade or so, but once people have been through the new deal programme, they come off the long-term unemployment count. Even if they do not get sustainable work and go back into a new deal programme, they are no longer long-term unemployed.

We have in those figures the evidence that a huge number of people are, to all intents and purposes, long-term unemployed. They have not been finding sustainable, worthwhile, productive work. Instead, they have been kept off the statistics by being put through a programme that potentially costs up to £11,000, or perhaps more, every time somebody gets into employment. The cost per individual going through the merry-go-round is immense. We might not be too concerned about the cost if they were going through into genuine long-term sustainable employment, but when they are not doing so, the cost is unforgivable. In the current economic climate it is incumbent on the Government to look carefully at that, and to recognise that the cost cannot be justified at those rates of return.

It was recognised seven or eight years ago that 40 per cent. of people would never go into sustained jobs from the new deal schemes. The definition of a sustained job was remarkably easy to meet: it meant going into employment for a period of just 13 weeks. Being in employment for three months counted as moving into sustainable employment. That definition was inadequate for the purpose.

We know that the new deal was not a great success even in the boom years of the past decade. I vividly recall the number of witnesses who gave us evidence at the outset of the new deal, as we were trying to establish how it would be possible to evaluate the success or failure of the scheme. They said that it would be difficult ever to evaluate the success or failure of such a scheme, especially because all the evidence is that active labour market policies are more likely to be effective in a time of economic growth and tight labour markets, when people are getting work anyway. The schemes are much better at assisting people into employment when they might have got into employment in a little while in any case than they are at creating new opportunities that did not exist at all.

That is a serious concern for us. Programmes that have, at best, been achieving modest results at significant costs in the economic circumstances that best suit them may now achieve even worse outcomes in adverse circumstances.

In an intervention, I mentioned the Treasury Committee's visits around the United Kingdom in the past 10 days or so. Some of the themes that I have mentioned have come through clearly in the meetings. What we have found most striking is not only the level of unemployment that already exists, and the concern about that, but the palpable fear of unemployment. We visited Belfast, Edinburgh and Leeds, but we saw that fear most particularly in Halifax last night. HBOS has dominated employment in the town, and a huge number of people there are living in considerable fear for their future and their livelihood.

It is vital that we work to help the existing unemployed back into work, but I would like to emphasise a point that arose earlier. It is critical that we do everything possible to ensure that people who need not become unemployed are kept in work. That is much easier to achieve; it is less costly and gives us far better prospects of maintaining economic success in other regards as well. On the recent visits, Treasury Committee members have been hearing endless stories, especially from small and medium-sized businesses, about the Government schemes and guarantees that have been promised but do not appear to be there when people visit the bank manager. Those schemes, such as the enterprise finance guarantee, need to have a real and immediate effect. We have heard that there are massive problems with trade credit insurance. That is a huge difficulty for so many businesses, which may be faced with making redundancies if the problems are not overcome. Action needs to be taken, and quickly.

Finally, I emphasise again the importance of helping people, not only for their economic well-being, but for the wider economic well-being of the country. If unemployment continues to rise as it has been rising, that will rapidly compound our economic problems in a worrying way.

**Several hon. Members** *rose—*

**Madam Deputy Speaker:** Order. Mr. Speaker has imposed a 15-minute time limit on Back-Bench contributions. If Members voluntarily impose an even shorter time limit on themselves, more may be successful in catching my eye.

5.33 pm

**Mr. Oliver Heald** (North-East Hertfordshire) (Con): I start by agreeing with the point that my hon. Friend the Member for Altrincham and Sale, West (Mr. Brady) just made. There is a fear among people about unemployment, and it comes from the knowledge of what a searing experience it is to be unemployed, particularly for some time. I also agree with my hon. Friend's analysis of the new deal. In its early days, it had limited success at great cost. It did not do what the experience from America suggests such schemes need to do—that is, concentrate on providing a flexible, personalised package of help to an individual. The new deal was a more general form of help for large groups and classes of individuals.

To a large extent, the new deal in its early days involved the Government's taking credit for the natural effect of economic improvement on employment, rather than their helping individuals who had barriers to work. One of the sad things about the past 10 years has been the number of people who desperately want to work but have barriers to employment, so they cannot do so. Some 2 million people face such barriers, particularly people with disabilities. Over the past few years, unemployment has fallen by about 300,000. While 2 million

*[Mr. Oliver Heald]*

extra jobs have been there in the economy, they have gone not to those people but largely to young men from other parts of Europe and the world. Although one is in favour of the globalisation of labour markets, giving free access and so on, it was important that we should have given people with barriers to work a fair deal and a good chance to get a job.

**Mr. Bone:** My hon. Friend is making a powerful point. Does he fear that when jobs start to be created again, they will go to the fit young people who are now being made redundant, so it will be much more difficult for people who have been long-term unemployed to get into work?

**Mr. Heald:** I totally accept my hon. Friend's point, which is the main point that I intended to make.

Before doing so, I want to comment on what the hon. Member for Nottingham, South (Alan Simpson) said. It is important that we use the recession in a purposeful way to ensure that when we come out of it, we have made improvements to the skills of our work force and created businesses in the green sphere so that green jobs are coming through. We should not just assume that in three years' time, or whenever the recession is finally over, the world will be the same as it is now. I agree with the hon. Gentleman that we could do far more in the green sphere. In Germany, 250,000 photovoltaic plates are being put in each year for solar energy; last year in Britain, there were only 356. There are a whole range of other green opportunities that we should take, and with which the Government should do more.

The grave threat in this recession is that we will see a massive rise in long-term unemployment. That is likely because, looking at the overall jobs market, unemployment has risen very fast in the past year. The headline figure is 1.97 million, and it is up by 438,000 year on year. At the same time, vacancies have fallen by an alarming number. Monthly vacancies are down by 200,000 compared with 2007. Of the half a million or so vacancies, more than half are in sectors where jobs are hard to fill or there are skills shortages, so the actual number of jobs available for people to apply for is tiny relative to the numbers looking. I mentioned Woolworths earlier. We have lost stores in my constituency. A constituent from Letchworth wrote to me saying, "Where's all the extra help that we believed had been promised? We need it." She said that 22 people were looking for each job in the retail sector that might be available to someone from Woolies. The position as regards vacancies is particularly worrying.

The chief economist of the Social Market Foundation gave evidence to the Select Committee about how he saw the way forward given the research that he and his colleagues have been doing. They believe, based on current economic projections, that the number of long-term unemployed—people who have been out of work for more than 12 months—is likely to increase by 300 to 400 per cent. over the next three years. Let us look at what that means. There are roughly 150,000 long-term unemployed at the moment, so to go up to 600,000 would be a huge increase. Every one of those represents a tale of somebody who is reaching despair by the time they have been out of work for a year.

The flexible new deal is being introduced to help people who have been out of work for a year. The original estimates of how many clients there would be were much lower than they are now. The Government have written to the Select Committee saying that they expect the figure to be 300 per cent. higher than they originally thought. That fits in with the projection of the Social Market Foundation; it is not that far off. If there is a fourfold increase in long-term unemployment, that brings back the spectre of the horrific problems that long-term unemployment has caused in the past. It is not enough for the Government to say that they are talking to the contractors involved with the flexible new deal. The process is just not viable without proper resources, which need to be adequate for a large number of extra people.

I am a fan of the flexible new deal. I was one of those, along with my hon. Friend the Member for Altrincham and Sale, West, who criticised the early new deal because it was not flexible, and in my pamphlet, "Auditing The New Deal: What Figures For The Future?" in 2004, I proposed a flexible, personalised new deal using private contractors to help, and I cited the examples in America that my hon. Friend mentioned. It was well received—and I should mention my co-author, Mark Waldron, because he did a lot of the work. It set out the way forward to which the Government eventually came round, and I am pleased that the flexible new deal will go ahead. But let us not kid ourselves that we are now looking at the same proposition as introducing a flexible new deal that was intended for 150,000. It will end up having to cope, working in a detailed way, with 600,000 people. It will need a lot more resources, and it will have to be properly organised.

My concern is that we are not organised adequately as a country to cope with the scale of the challenge of long-term unemployment. It is all very well to take shots at what happened in the 1980s, but the youth opportunities programme, which started in 1978, was a Labour scheme. It was already in trouble by the time the Conservatives won office in 1979, and was heavily criticised because it did not do enough for each young person. It continued to be criticised after the Government of Margaret Thatcher came in. The same is true of a range of schemes over the years; there is often criticism of them. The lesson is that the quality of such schemes is hard to maintain if they involve a large number of people, and the Government must consider that issue. If there is to be a large number of extra unemployed, we will need much greater provision in the jobcentres and in the flexible new deal. There is no way round that, and the Government need to come up with solid proposals to deal with it.

We should use the recession to train the people of this country so that they have the skills they need. Some 5 million people in this country are functionally illiterate—unable, for example, to write to a bank and explain that they have changed address. It is a shattering thing that every year 40,000 young people leave our schools in that condition. We have a big problem, and it is sad because a lot of those young people are quite capable of learning to read and write. I remember a visit to Rainer in Sheffield, where I met a young man who had a few problems, and who wanted to be a dry liner. He had to learn to read to get his health and safety certificate. He learned to read very quickly—it took him about two

months—but he had spent 11 years in our education system without managing to read and write properly. That is a staggering indictment. We should not be dealing with such problems when people are 19, but when they are seven, or six. It is important that we get literacy and numeracy right in this country.

My other point about training concerns apprenticeships. The Government have made great claims about increasing the number of apprenticeships. We have never quite got the promised increase—I believe that the Prime Minister promised 320,000 places and we got 239,000—but apprenticeships are vital if we are to improve skills. I am worried about their quality, however. Traditionally, the academic standards underpinning an apprenticeship have been at level 3; it has basically been an A-level, but in a technical area.

Now, most of the apprenticeships coming through are rebadged Government training schemes at a lower level. They are at level 2, and are not at A-level standard in technical subjects. The question is whether they will give people an advantage in employment. All the evidence is that the traditional level 3 apprenticeships give a great advantage, but there are fewer of those now. The level 2 apprenticeships are being used to top up the numbers.

I make a plea to the Government to use this recession not just to paper over the cracks with poor-quality schemes but to get the training right for a change. We must ensure that when we come out of the recession, far more of our people can read, write and add up properly, and that young people who have been on apprenticeships genuinely have the skills that they need to do jobs in the future.

5.45 pm

**John Mason** (Glasgow, East) (SNP): Following on from the points made by the hon. Member for Nottingham, South (Alan Simpson), I wish to discuss the creation of jobs as well as some of the other matters that have been raised. Clearly, Scotland has been dragged into this recession by the UK—*[Laughter.]* I see that I do not have unanimous agreement on that. Some people thought in the good times that we were benefiting from being in the UK, but they are now realising that things are much worse because we are in the UK.

**Mr. Bone:** I am listening with interest to the hon. Gentleman's opening remarks. Does he agree that if Scotland had had to deal with the banking problem on its own, it would have had to put in £13,000 per household? Having the UK means that the amount has worked out at less than £2,000 per household. How does that tie in with his remarks?

**John Mason:** In the first place, the amount has not yet been worked out and we do not yet know whether the UK will survive this crisis. Secondly, it is possible that if we had been independent, neither HBOS nor the Royal Bank of Scotland would have been in such shape, and that they would not have been as large or as much trouble as they currently are.

**Mr. David Jones** (Clwyd, West) (Con): Perhaps the hon. Gentleman will tell the House whether the First Minister of Scotland still regards Iceland as a proper model for emulation.

**John Mason:** We have always compared ourselves with a number of different countries, and the main one is Norway, because it is similar to Scotland with regard to population, oil, fishing and so on. The special point about Norway is the huge oil fund that it has set aside, as have American states such as Alaska. Norway has put aside money from oil instead of frittering it away. That is why it has to be the best comparison. I shall now continue with paragraph 2 of my speech.

**Mr. Simon Burns** (West Chelmsford) (Con): Will the hon. Gentleman first be kind enough to answer the question asked by my hon. Friend the Member for Clwyd, West (Mr. Jones) about Iceland and the First Minister?

**John Mason:** I have said that we compare ourselves to a range of countries. Iceland was one, although it has to be accepted that Iceland has a micro-economy that is similar in size to that of Dundee. There is also a valid argument on behalf of Iceland that its banks were deliberately and unnecessarily pulled down by the current Government, but I shall not spend too much time on that just now. Ireland is another comparison, but I return to Norway, which sets a fantastic example of wisdom in putting aside oil money instead of frittering it away on nuclear weapons, wars in Iraq and so on.

One problem with an economy such as that of the UK is that, like a tanker, it is large and takes a long time to turn around. The distance between ordinary people and government is too great. Now that we have the Scottish Parliament, the comment is frequently made in Scotland that businessmen, colleges and ordinary people can contact Ministers in a way that they could not before. If our country could borrow, we could do a lot to help get us out of the recession. More capital expenditure means more jobs. It is encouraging that Scotland's capital expenditure is being accelerated; that will support more than 4,600 jobs in the next 15 months.

Construction has been especially hard hit throughout the UK. I sat in on a jobcentre interview a few weeks ago and watched an unskilled construction worker being interviewed and taken through his job options. The Jobcentre Plus staff did their best for him, but there were clearly not many jobs for people such as him. He had previously got jobs through contacts, but sadly that was no longer happening.

In passing, I want to refer to Glasgow city council and a relatively small construction project costing some £300,000. The council has taken so long to work through planning permission and building warrants that the project has not gone ahead for a long time and people's jobs have effectively been at stake. I appeal to councils such as Glasgow to speed up the planning and the building warrant process. That would create jobs.

**Anne Moffat:** On planning applications and employment, will the hon. Gentleman comment on the Scottish Executive's refusal to give planning permission for new build in nuclear and thus create jobs in Scotland?

**John Mason:** I do not think that the people of Scotland want nuclear weapons or nuclear power.—

**Anne Moffat:** They want jobs.

**John Mason:** We want jobs in other ways. The money that is wasted on nuclear weapons would create many more jobs in the navy, the air force and the army that we would have as an independent country.

We welcome the £120 million that is being brought forward in the affordable housing investment programme in Scotland. In comparison, in England, which is 10 times the size of our country, only £550 million is being provided, and it took three months longer to do it. That is disappointing, and I appeal to the Government to give the people of England as good a deal as people in Scotland are getting. The front-loading of European structural funds is welcome. Again, Scotland was well ahead with that compared with England.

All parties agree that small businesses are important for jobs and the economy. In Scotland, they will get 100 per cent. rates relief from April if their rateable value is £7,000, whereas the relief is to be only 30 per cent. in England. Helping small businesses is a tremendous way of creating jobs and keeping people in them. I recently met the Federation of Small Businesses in Scotland, and there is much anxiety among small businesses in Scotland that the Government are too concerned about the banks and the big car companies, and not concerned enough about small businesses.

I welcome the commitments made by both the Scottish and the UK Government to pay suppliers more quickly. That is extremely good, but sometimes large contractors do not pay smaller contractors as quickly, and deliberately hold back money. I wonder whether Companies House or some other body needs to be more proactive in forcing larger companies to pass on the payments, especially if they receive money from the public sector.

I have already mentioned the cut in VAT. Did that really create the jobs that it could have done? It is estimated that the £1 billion has created some 7,200 jobs in Scotland, but a similar capital investment programme of that amount could well have created 14,900. I have some ridiculous personal examples of buying an electric shaver in Boots and clothes in Marks and Spencer. I see the price on the items and I am happy to pay it—I am on an extremely good salary. However, I get to the till to find that there are a few pounds off because of the reduction in VAT. The VAT cut has been badly targeted if it includes people such as us, who are relatively as well paid.

The Government often criticise the Conservative party for doing nothing, but I sometimes wonder whether they go to the other extreme and act simply for the sake of doing something. Perhaps that is the reason for the VAT cut—the Government felt that they just had to do something. Surely taking any action even if it is bad cannot be the way out of the current crisis.

Last July, I promised my constituents that I would keep asking what was happening to the gap between the rich and the poor. Clearly, people at the bottom are losing their jobs, but so are people who are better off. The harsh Welfare Reform Bill will further damage those who are struggling and losing their jobs. Rather than punish people who realise that jobs are not there or that they pay so poorly, we could do with fewer sticks and more carrots. One such carrot would be better minimum pay for people who seek jobs. That would incentivise people more than taking away limited benefits. Meanwhile, well-off people, such as us, save in VAT. There is something wrong if some people are benefiting from the recession. Members of Parliament are better off through the recession while others lose out. Surely the richer people should tighten their belts as well as those who are less well off.

Cutting public expenditure is not right in a recession. In the United States, President Obama's stimulus package is boosting spending in individual states. Yet in Scotland, Wales and Northern Ireland, we face cuts to our budgets.

**Pete Wishart** (Perth and North Perthshire) (SNP): A cut of £1 billion.

**John Mason:** As my hon. Friend, who is rushing me through my speech, says, in our case the cut is £1 billion over two years. We estimate that that means 8,600 jobs lost through the Government's action.

We are already making efficiency savings. My understanding of efficiency is that we get either a better service for the same amount of money or the same service for less money. However, if we get less money and a poorer service, as the Government propose, that can be described only as a cut. If we are to lose 8,600 jobs, including 4,500 in the public sector and nearly 2,000 in construction, which is the last thing we need, where do the Government suggest that we cut them? Should we have fewer teachers and fewer nurses? Perhaps they can explain it to us.

It is not only bad economics but bad politics to make cuts in a recession. If the Unionists in government want Scotland to stay in the UK, they must give us a better deal to persuade us to do that. Cuts to the budgets of Scotland and of Wales at this time will make people ask, "Why is London doing this to us? Is it to prove that the UK Government don't favour Scotland, so they go to the other extreme of deliberately damaging Scotland?" According to that way of thinking, HBOS was sacrificed so that the Government could not been seen to help a Scottish organisation. Now that the Government want to cut Scotland's budget, many people will think, "Wouldn't we be better in a recession to go off on our own? We're not getting any dividend from this Union." I warn the Government to be careful; they are playing with fire.

5.58 pm

**Mr. David Evennett** (Bexleyheath and Crayford) (Con): I am pleased to participate in this important debate on unemployment in the UK. I do not want to follow the line of the hon. Member for Glasgow, East (John Mason), but I am delighted to follow my hon. Friends the Members for Altrincham and Sale, West (Mr. Brady) and for North-East Hertfordshire (Mr. Heald), who made constructive and important points.

The motion highlights the current position nationally and the Government's failure to introduce welfare reform during their time in office and to increase the flow of credit to businesses in the past six months to assist with the current economic and financial situation. The Government have also failed to relax the rules for jobseeker's allowance to allow unemployed people rapidly to take up training opportunities, which they often desperately need. That is regrettable.

My right hon. Friend the Member for Maidenhead (Mrs. May) made a positive and enthusiastic speech about our policies to tackle the current position, and I was rather disappointed by the Secretary of State's response and his failure to take on board some of the serious problems that confront us.

In my constituency postbag, e-mails and surgeries, mentions of the economy and unemployment have grown dramatically in the past few months. There are fears in our area of Bexley about the economic future and the employment prospects—a fear of people losing their jobs; a fear that they will be unable to pay their mortgage or rent; and a fear of the regular bills and of a decline in people's standard of living. Those are the issues that are affecting people and underpinning the current situation. Pensioners and those on fixed savings also fear that they are not getting enough income from their savings to supplement any other income that they may have.

I want to say a few words about my constituency, but I also want to highlight the skills and training situation, as well as the shortages of skilled people and the lack of training opportunities for certain people who are unemployed, including the long-term unemployed. My constituents do not believe the Government—[Hon. Members: "Who does?"] Indeed. They believe that the Government have failed to tackle the skills shortages and benefit dependency, and that they have often used migrant workers to address employment shortages.

We have had a lot of spin—we have had some from the Secretary of State this afternoon—and the restating of previous policy announcements, which we get regularly from this Government. That seems to be the order of the day, but it will no longer wash. When someone becomes unemployed, it is a tragedy for them, for their family, for the community that they live in and, of course, for the country. What people need is early intervention and early assistance, which are crucial in helping them get back into jobs. The majority of people want to get back into jobs as soon as possible. They do not want talk, investigations or generalisations; they want action. The Government need to commit to reforming Jobcentre Plus, so that there can be an in-depth assessment to evaluate claimants' needs and capabilities within 24 hours of a claim being presented. Urgent and immediate action is required.

I want to say a few words about the Jobcentre Plus in my constituency. I visited it last year and met the district manager, the employees and a number of the clients. I had a useful morning seeing how Jobcentre Plus is endeavouring to help claimants. I have maintained regular contact since then—as I did before, of course. I have also received many comments from constituents about the service offered—many of them complimentary—and about how the staff have endeavoured to help with the problems that they face. I would like to commend the staff at that branch, because they are dedicated and hard working and because they are doing their very best to help people.

There are issues that the staff cannot deal with, however, because there is a bigger picture. Most claimants in my constituency find work within six months of making their claim. However, in the last period for which figures are available, 17 per cent. did not, which shows how the economic situation is changing, which is regrettable.

**Mr. Bone:** As usual, my hon. Friend is making a powerful speech. His constituency has seen a rise in unemployment of nearly 90 per cent. in the past year. How is that impacting on Jobcentre Plus in his area?

**Mr. Evennett:** It imposes serious constraints, because of the reduced time that staff can spend talking through clients' problems. More importantly, there has been a shortage of vacancies, so staff cannot send people out. The change has had a dramatic impact; none the less, I compliment the staff on all the work that they have been able to do for so many people.

On a more general, national point, it is the skills shortages and the training issues that concern me. We need to get people who are unemployed back into work and ensure that people who leave school get opportunities for work. That means that they must have basic skills, but I have severe doubts about the Government's training and education policies, which are not allowing those people to gain the skills that they need to meet the challenges that they could face.

**Anne Main:** Green jobs were mentioned earlier. When the Secretary of State for Energy and Climate Change appeared before the newly formed Select Committee on Energy and Climate Change, I specifically asked him whether there was any buy-in from the Treasury to ensure that training was being put in place to deliver the skills that we need for the green jobs that we anticipate will arise in the future. However, I did not feel that we were given those assurances. It is no good looking to have green jobs in future if we fill them with people from other countries because we have not set up the necessary skills, training and educational courses. Does my hon. Friend share my concern about that?

**Mr. Evennett:** My hon. Friend makes a powerful point and I agree with her entirely.

Regrettably, we have a low skills level in this country. Despite all the money that has gone in and the Government's attempts and aspirations, the reality is that the situation is not good. We heard from my hon. Friend the Member for North-East Hertfordshire that 5 million adults in Britain are classified as functionally illiterate, while 17 million are known to have problems with basic numeracy. It is a disaster that we should have such a skills shortage after so many years of investment in education and training. That is very worrying. Business potential is also restricted. I understand that three quarters of London businesses still have problems finding skilled staff. So many people are, regrettably, becoming unemployed, but they do not have the skills to be employed in businesses across Greater London.

I raised with the Secretary of State my concern about the money that has been removed from community learning. I am a big supporter of community learning. Adult and community learning is an important route to training for many people who have been out of the labour market for a considerable time. Despite his put-down, there are 1.4 million fewer publicly funded places than in 2005. That is not good news.

I mentioned to my right hon. Friend the Member for Maidenhead the number of young people who are not in education, employment or training. That, too, is a disaster. Those people are losing opportunities as they do not have the skills that are needed. We need to ensure that they are in one of those three categories. Men are affected most; the number of males who are NEET has risen by 27 per cent., from 264,000 in 1997 to 336,500 in 2007. That is not success, but a failure to train and give people the opportunities to develop their potential. That is regrettable.

*[Mr. Evennett]*

I am also concerned that enrolments in further education are plummeting. Just when we need to be upskilling, training, retraining or reskilling people, FE enrolments are down. More money has gone in, but there are fewer learners. Targets have been missed on apprenticeships, as we heard from one of my hon. Friends earlier. All those things are regrettable at a time of economic deterioration. They need to be addressed by the Minister, who I know is a fair and reasonable woman. She needs to ask what more can be done to ensure that people are given the training and skills to take advantage of the situation.

In view of the time, I will bring my remarks to a close. It is important that we have a positive, determined and upbeat approach to the issue. The hon. Member for Nottingham, South (Alan Simpson) said that we should be positive—he was talking about the green agenda, which I support—but we need to ensure that that optimism is based on fact. This afternoon we heard wishful thinking from the Secretary of State rather than facts. We need to build hope and confidence for the future, but that requires more training and reskilling, to ensure that people who are unemployed are brought back into the labour market as they would want to be. The opportunities for the future have to be increased.

My right hon. Friend the Member for Maidenhead highlighted our policies on those issues, which I shall not reiterate. The Government seem to be unable to act. They seem to be bankrupt of ideas and rather discredited in their dying days. We need a new approach, to ensure that the unemployed are at the top of our agenda, with policies to restore our battered economy and give people hope and opportunities at this difficult time.

6.10 pm

**Mr. David Jones** (Clwyd, West) (Con): It is a great pleasure to follow my hon. Friend the Member for Bexleyheath and Crayford (Mr. Evennett). Members on both sides of the House have spoken about the recession's impact on employment in their respective constituencies and parts of the world. Indeed, the downturn has probably affected Wales and Welsh employment more severely than any other part of the country. In Wales, 100,000 people are now unemployed—some 7 per cent. of the economically active population, compared with the rate for the whole of the UK of 6.3 per cent.

In the time available to me, I wish to draw the House's attention to two principal issues—the slow delivery of Government initiatives and the impact of the downturn on the building industry. The construction industry is of particular importance to north Wales. Traditionally, it has been a major employer, and a number of major regional builders have their headquarters there. The downturn has had its effect, however. Redrow Construction of Ewloe, for example, announced the loss of 350 jobs last year, and David McLean Holdings, another major employer, went into administration with the loss of 134 jobs. This pattern is being replicated on a smaller scale across the whole of north Wales.

Many small builders are no longer building, not because they do not wish to do so—and not even, ironically, because of a lack of demand for their houses—but in many cases because they are simply unable to access funding from their banks. The principal of Beech Developments, a building firm in my constituency, tells me that he is anxious to begin developing a site near Colwyn Bay over which he has an option. His company has been in existence for more than 12 years, has never operated on an overdraft, and has an exemplary credit history.

Mr. Lee approached his bank, with which he has done business for very many years, but was told that it was impossible for him to obtain a loan to develop the site, because the bank had a blanket policy of not lending to builders. In fact, he was told that, because of that policy, it was not even worth approaching his bank's head office. Since then, Mr. Lee has approached several other banks and financial institutions, including Finance Wales, but none has been willing to provide him with the finance he needs. Consequently, that development will not take place, with the loss of 30 skilled jobs on a project that would have lasted at least two years.

That pattern is being repeated up and down the country. Skilled building workers are unable to find work because the banks—in many cases, the banks that have received Government support—are operating a blanket policy of refusing to finance building projects. The construction industry is a major engine of the economy, and if that engine seizes, the upturn will be a very long time coming.

The banks are clearly concerned about assessing property values and about saleability. However, the problem could be addressed if the Government were seriously to consider a properly funded national loan guarantee scheme, which the Conservative party has proposed, properly funded, to the tune of some £50 billion. The Government have their own scheme, which the Secretary of State for Business, Enterprise and Regulatory Reform unveiled last January. It is a far less ambitious proposal, worth only some £10 billion. Worse still, however, is the fact that the scheme has not yet been implemented.

The Minister with responsibility for small businesses, Baroness Vadera, referred some time ago—somewhat optimistically, many thought—to perceiving signs of the green shoots of recovery in the economy. However, companies that are attempting to throw out green shoots in the current hostile landscape are finding that they are withering because of a lack of Government support. In truth, until the building industry gets going again, the economy will not get going either, and the prospects for employment in areas such as north Wales will be all the worse.

The Government have adopted the slogan "Real help now", but the truth is that they are providing the vague promise of the potential of some help at some indeterminate period in the future. Initiative after initiative has been announced, but not yet implemented. A further example is the "golden hello" announced by the Secretary of State in January. We were told that it would provide an incentive of up to £2,500 for employers to recruit and train people who have been unemployed for more than six months.

I should like to give a practical example of someone who was credulous enough to assume that the policy was up and running. A constituent of mine, Ms Jan Ross, the principal of Merrall-Ross International Ltd, a company that provides professional indexing services, decided that she would try to take up the offer. She

found the experience most frustrating. Last week, I received an e-mail from her, which I think is worth reading:

"I am the MD of a company based in North Wales and actually wish to recruit some new staff! I noted Gordon Brown's announcement of 12th January detailing 'golden hellos' for employers recruiting new staff. They seem to be elusive! I have tried the local Jobcentre Plus, the regional Jobcentre Plus, and they have tried a national Jobcentre office. I have e-mailed...the Department of Work and Pensions, the Treasury, phoned the Welsh Assembly, but alas no-one knows anything about it. Please can you take up my query and see if this was just pure hype by the Government or whether there is some substance to the announcement. What are the criteria and how does one go about obtaining help? We are a small SME, but growing, but need all the help we can get!"

My research reveals that the scheme that was announced those two long months ago is still not up and running, but that it might be in operation some time in April. I hope that the Minister who replies to the debate will indicate whether the scheme still exists, whether it is to be implemented, and—most importantly, from the perspective of Ms Ross and others like her—when that is to happen. Or is this a case not of real help now, but of jam tomorrow, or possibly the day after?

No one can deny that the problems besetting the country are worrying in the extreme. Hundreds of thousands of people right across the country live in constant fear of redundancy. No one can pretend, either, that the Government can possibly have all the answers, but the Government can help. Frankly, what they ought to be doing is not just promising again and again to introduce initiatives, but delivering real help. It is all very well for them to come up with rafts of new announcements and to unveil new initiatives, but if those measures are never implemented, they are worse than useless. They are cruelly raising the hopes of people who are already in a state of huge despair about their future. Those people need more than the promise of "real help". They need the substance, too.

6.18 pm

**Mr. Peter Bone** (Wellingborough) (Con): It is a great pleasure to follow my hon. Friend the Member for Clwyd, West (Mr. Jones), who made a powerful speech putting the position in north Wales into perspective.

This debate has been interesting and wide ranging. I felt, however, that the Secretary of State got the mood of the House completely wrong in his opening remarks. Anyone who saw his performance, bouncing up and down at the Dispatch Box and taunting the Opposition, will have been very disappointed. We are talking today about the serious issue of unemployment, which really is not party political.

Before I became a Member of Parliament, I had the unfortunate duty to make people redundant. Telling people that they no longer had a job was one of the most difficult things I have ever had to do. Many of them had worked for me for many years, and it was not their fault that they were losing their jobs. The mood of the House today has reflected situations such as those, with the exception of the Secretary of State's opening speech.

I do not want to speak too long, but I want to raise two specific points that have not been made in the debate. First, however, I need to set my constituency in context. Unemployment in Wellingborough increased by nearly 100 per cent. over the past year. Jobcentre staff are doing an extremely good job, but it is very difficult for them to deal with what amounts to a 100 per cent. increase in their work load. They cannot provide the detailed support they would like to give to each claimant, as the hon. Member for Rochdale (Paul Rowen) said earlier. Claimants simply cannot be given the time and attention they deserve.

Unfortunately, unemployment in Wellingborough is now 26 per cent. higher than it was in 1997. I remember the pressures on the Government at that time—a failing Government as people saw them then—when there was such massive unemployment. We see the same happening now, but the present Government show no real concern about what is happening out there in the country.

My first point is about keeping people in work. Much of our debate has focused on how to help people who have lost their jobs, but it is important that we consider how to keep people in employment. I received a phone call yesterday from the managing director of a major employer in my constituency—I will not say who it is, but it is a major employer. This company has traded for many years and has run an extremely successful business. Like every other, however, it is seeing a downturn in demand—hardly surprising in the light of the recession expanding across the country.

The managing director told me that the banks, instead of helping him, were making his life a misery. He told me that he had been with his bank for 40 years and that it had made a lot of money over that period, but instead of helping the company and asking how to make its life a bit easier by reducing interest rates, which the Government have cut nationally, to make it less painful, his bank proposed to increase interest by 2.5 per cent. That means that the company will have to pay £750,000 extra in a year.

**Mr. Philip Dunne** (Ludlow) (Con): On the question of banks, particularly those that are majority-owned by the Government, helping businesses before they get into difficulty, the Wrekin Group was today tragically put into administration with a loss of 530 jobs, including 260 in Wrekin Construction on the edge of my constituency. The managing director is quoted in local newspapers as saying:

"It's cash that we have run out of effectively and there has been a total lack of support from our bank RBS.... We offered the bank shares in the business, the chairman offered to stand down but the bank was only intent on the cash. It's heartbreaking".

This is a story from today about a bank that is now owned by the Government; if the Government had implemented the scheme they announced in early December, that bank might well have been able to provide the facilities that the company—

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Order. I have to say to the hon. Gentleman that we have a very tight time schedule, so making a very long intervention is unfair to those who have been waiting some time to speak.

**Mr. Bone:** Thank you, Mr. Deputy Speaker, but I understand why my hon. Friend wanted to make that intervention, because what he told us is significant and tragic news for his constituents. I wish all those who have lost their jobs well. This reminds me of some of

*[Mr. Bone]*

the problems I faced when I was in business. Leaders of a company—the chairman of the board or the managing director—sometimes have to fight desperately to keep it going, trying to find solutions by offering shares, for example, only for the bank to do the absolute opposite of what it should. It makes life more difficult and, in the case mentioned my hon. Friend the Member for Ludlow (Mr. Dunne), the bank has forced the company into liquidation or administration.

I remember my business receiving a £500,000 cheque from another company for some advance work, and the bank involved happened to be one of the now nationalised ones. It happily entertained me and took me to the very best cricket matches, irrespective of whether the company was doing well, yet just when we needed the money, the bank was not there. It did the opposite of what it should have done, demanding more fees and more interest. I am afraid that, as of yesterday, that is now the position of the company in my constituency. I do not want it to finish up in the same circumstances as my hon. Friend the Member for Ludlow described. I repeat that it is one of the nationalised banks that is taking this action. I know that Ministers are also concerned and I also know that there is no magic wand, but I am highlighting a real problem in my constituency. If we could get such problems sorted out, the potential to save jobs would be enormous.

My second point deals with the other end of the scale, when people have lost their jobs. I had an Adjournment debate on the subject recently, but the point is worth making again. Forty people lost their jobs last December in a well-respected company in my constituency, which had been in business for more than 100 years. The only way it could survive in business—by saving £600,000 a year in salaries—was by making those people redundant. Some of those employees had worked many years for the company—more than 30 years in some cases—so there was a £250,000 redundancy bill to pay. If it attempted to pay the redundancy money, the whole company would have gone under, with the remaining 80 people losing their jobs, too. The company therefore failed to pay the redundancy money, but the 40 people, who have been most restrained, have still not received their redundancy money.

I do not blame the company for not paying it—if it had, the whole company would have gone under—and I do not blame the Government, but there is a loophole in the law. The most obvious solution would have been for the redundancy payments office to step in and pay the redundancy money, subsequently claiming it back from the company over a number of years. In fact, there is a Government scheme that would have allowed that, but the problem is that the company has to approach the redundancy payments office first and negotiate with it; if the RPO is satisfied that the company is in financial need, it should pay the money.

In reality, however, when people are fighting to save their family businesses and face circumstances that they have never faced before—when they are trying to deal with banks to get extended credit and to keep the company going while having the horrible job of telling people that they have lost their jobs—they are not going to go to the redundancy payments office to negotiate a settlement.

My suggestion is to make a simple change in the law so that the RPO can be proactive and say to a company, "You've got a problem here; we'll pay the money and we'll try to get it back from you over a number of years if you trade out of the problem". That is not going to cost the Government any more money, because if the company fell, the Government would have to pay the redundancy money. In this case, the company went into administration and the RPO will pay the workers in due course. In my view, however, the workers should have been paid in December because the company would have had more chance to trade out of its difficulties. Such a change in the law or change in attitude would not cost the Government anything, and would benefit many people.

My final point is not at all party political. My constituency has had unemployment over a longer period and has seen immigration from central Europe. The problem is that some unemployed constituents blame the fact that they do not have a job on immigrants. This multi-ethnic area, which has had wonderful community relations in the past, now faces the problem of the British National party, which we never had before. We have to start talking about the issues and explaining what we are trying to do to solve the problem, but we cannot ignore it. We cannot say that there is not a problem and that people are not linking immigration with the fact that they do not have a job.

**Derek Twigg** (Halton) (Lab) *rose—*

**Mr. Dai Davies** (Blaenau Gwent) (Ind) *rose—*

**Mr. Deputy Speaker:** Order. Two hon. Members wish to contribute before the winding-up speeches begin at 6.40 pm. If they were minded to share the available time, that would be helpful. I shall call the hon. Member for Halton (Derek Twigg) and then the hon. Member for Blaenau Gwent (Mr. Davies).

6.30 pm

**Derek Twigg** (Halton) (Lab): I shall be brief, but I want to make a couple of key points. First, I welcome the almost £2 billion of assistance that the Government are providing to the unemployed, the golden hello scheme to help employers to recruit and train the unemployed, the help for people to become self-employed and the general help towards skills training.

It is important that the Government, in helping businesses and companies, recognise that a number of them might be struggling at the moment, but will still have a market after the recession. We should be focusing on them in providing help and maintaining the skills that I have in my constituency.

I want to comment on a couple of areas, including apprenticeships. We must train more apprentices and work with companies and organisations, as well as the public sector, to get as many apprenticeships as possible. There are some gold-standard apprenticeships—for instance, those from the Ministry of Defence and Network Rail. I have visited both organisations to see the work that they are doing and there are tremendous training opportunities for young people. The overall package to provide support with education, training and skills training, as well as help for employers, is key to trying to work through a very difficult situation.

I also want to make a point about local authorities. The difference between now and the 1980s and early 1990s is that there is a much more vibrant, focused approach to economic development and regeneration in many areas of the country, often led by the local authority. In my constituency, Halton borough council, which is one of the smallest councils in the country, is involved with some of the biggest schemes to create employment and regenerate the area. I shall give some examples.

Daresbury science park in the borough of Halton is working with the Northwest Regional Development Agency, the science authorities and research councils to achieve some significant new jobs over the next five to 10 years, particularly in science and related industries. The 3MG project—a massive rail freight development—is working with Stobart's and O'Connor Container Transport to create many hundreds of jobs over the next few years. That is another example of a local authority working strongly with its partners in the community and in the region. The proposed Mersey gateway bridge will create 4,000 jobs, as well as 500 construction jobs, if it gets approval via the public inquiry that is due to be held shortly. Again, the project is driven by the local authority.

In this difficult period, local authorities have a crucial role to play in engendering the regeneration and taking the lead in working with various bodies. I know that they are working with partners—primary care trusts, the chambers of commerce or citizens advice bureaux—to provide help for the unemployed as well. They have a key role to play and the Government must do more to recognise that.

I am conscious of the time, so I shall finish by saying to the Opposition that I recall my constituency during the 1980s, when unemployment was regularly around 18 or 20 per cent., and youth unemployment was over 60 per cent. Halton was fifth worst in the country for youth unemployment and no real help was provided. In addition, we should not forget that a lot of people were deliberately directed on to incapacity benefit, so many thousands more were involved.

I hear the Opposition talking about working in partnership and working together. I welcome that, but I remember what the Tory Government were like back in the 1980s and early 1990s. No real help came forward to help the people of my constituency. This Government have put lots of effort into skills training, improving the jobcentre service with Jobcentre Plus, and providing help for colleges and schools. We also see capital spend—whether on hospitals, schools or other things—being brought forward through infrastructure projects to deal with this situation.

I welcome what the Government are doing. Of course they have to do more, but I also ask them not to forget what local authorities can do to help the unemployed and to lead the way on economic regeneration.

6.34 pm

**Mr. Dai Davies** (Blaenau Gwent) (Ind): I want to raise a few issues that I do not think have been touched on tonight. The first is how redundancy and closure programmes are announced. I was involved in a redundancy programme back in 2002. The people I worked with were told of the closure through the media, which does not seem to have changed over the past seven years. Lots of people are stressed enough worrying about their future without hearing about it through the media. I hope that companies in that situation will listen to that and tell their work force first, before telling the media.

Secondly, I want to mention the 90-day consultation, which is set out in statute. The problem is that there is a huge difference between consultation and negotiation. I know from personal experience that it is extremely difficult to change a decision once it has been announced. There can be tinkering at the edges, but once the decision is made the closure or the redundancy programme invariably goes ahead. I ask the Government to intervene and do all they can to influence 90-day consultation—so that it becomes real consultation, not a talking shop.

The 90 days of consultation is stressful enough on its own, but if there is no closure and individuals have to apply for their jobs or go through selection criteria, the pressure, worry and stress are immense, leading sometimes to mental health problems. I know that that has recently been recognised by the Government but, again, the resources need to be there to support people through that very difficult time. We must not forget that not only individuals but families are affected, so there must be support not just for the ones and twos who are in work, but for the tens and twenties in the families.

The other issue is that when someone leaves employment, having been employed somewhere for 25 or 30 years, walking into a jobcentre, college or training establishment is extremely difficult. People need support before they get there, but often those support mechanisms are not in place. Jobcentres need to work more closely with other organisations and signpost people much better.

A week ago, the Secretary of State and I were at a presentation by a campaign group called Need Not Greed. We listened to some of the experiences of people who were struggling through the benefits system and the unemployment system, trying to find work. Jobcentre Plus does all it can, but huge numbers of people are falling through the net. Individuals are often not informed of the welfare rights that are available to them. Again, there is a failure to join up what is out there in the marketplace.

To follow on from what the hon. Member for Nottingham, South (Alan Simpson) said, we must look at what is in some respects the opportunity of how to come out of the recession, and part of that must involve social enterprise. We have scratched the surface in encouraging social enterprise in entrepreneurship—co-operative systems of house building, council house building, investment in new homes and creating enterprise zones, which we did some 20 years ago. We need to go back to that consideration. Renewable energy systems are also a huge opportunity for people to train in new skills and introduce those systems to our communities.

Over the past couple of weeks, we have spoken a lot about bank lending. In my constituency, a number of businesses have asked for overdraft facilities, while some had overdraft facilities in the past. Now the banks are refusing to do that. I ask the Government to ensure that what is the best fit for businesses is delivered. If it is loans, so be it, but we must look at other opportunities and options.

I urge the Government to use the debates on the Welfare Reform Bill, which we will be considering over the next couple of weeks, to listen to the concerns of the individuals involved. As I said, the Secretary of State

*[Mr. Dai Davies]*

heard at first hand some of the problems that those people are experiencing. We should learn from those, and listen to the trade unions and the representative groups that bring those problems to the attention of the Secretary of State. Let us not make the Bill something that damages employment; it must create it.

6.39 pm

**Mr. James Clappison** (Hertsmere) (Con): This has been a good debate with thoughtful contributions that remind us how, in the words of my hon. Friend the Member for North-East Hertfordshire (Mr. Heald), unemployment is a searing experience for so many of our constituents, many of whom are experiencing it for the first time, or for the first time in a long time. We are entirely right to bring the subject to the Floor of the House today, as we did in October. We are also right to set out our plans for how we would help people in that terrible situation. We have done so in the motion and my right hon. Friend the Member for Maidenhead (Mrs. May) did so in her speech.

We have heard good speeches throughout the debate. We heard a thoughtful contribution from the hon. Member for Nottingham, South (Alan Simpson), who looked to the future, and a brief one from the hon. Member for Halton (Derek Twigg), who spoke about his constituency. I hope he will not mind my describing his speech as something of a late entry in this context. That was it, however: that was the sum total of the contributions from the Labour Benches, which have been empty for large parts of the evening. In contrast—*[Interruption.]* Labour Members are trying to make up for it with the noise that they are making now, but very few of them were present earlier. We will not be drowned out.

We heard excellent speeches from my hon. Friends the Members for Altrincham and Sale, West (Mr. Brady), for North-East Hertfordshire, for Bexleyheath and Crayford (Mr. Evennett), for Clwyd, West (Mr. Jones) and for Wellingborough (Mr. Bone). Other Conservative Members had also hoped to contribute. Those who spoke gave specific examples of the way in which unemployment was affecting their constituents. My hon. Friend the Member for Clwyd, West described specific cases in which his constituents had tried to obtain help—real people who had not received real help from the Government so far. My hon. Friend the Member for Wellingborough told us what it is like to have to deal with unemployment personally, and described the experiences of employers in his constituency. My hon. Friend the Member for Bexleyheath and Crayford highlighted the failure to provide people with the skills that they needed.

We also heard speeches from the hon. Members for Glasgow, East (John Mason), for Rochdale (Paul Rowen) and for Blaenau Gwent (Mr. Davies). I hope that they and others will not mind if, in the short time available to me, I do not refer to the detail of their speeches.

In contrast to the way in which my hon. Friends have considered the present-day problems of unemployment, how those problems are affecting their constituents, how we can emerge from them and how we can best plan for the future, Labour Members have shown a tendency to look back to the past. That was no more evident than in the speech of the Secretary of State, who seemed much more comfortable when talking of the distant past than when discussing what is happening in the country today.

**Rob Marris** *rose—*

**Mr. Clappison:** I will not give way to the hon. Gentleman, because he has not been present throughout the debate.

The final line of the Government amendment states, somewhat unbelievably, that the House

"further believes that the Government should increase the support offered to people trapped on benefits by previous recessions."

So now we know: unemployment is all our fault. We have been occupying the Opposition Benches for the past 12 years, but little did we know that the present terrible economic impasse was our fault. Hang on a minute, though: let me bring Labour Members a little more up to date. Was it not this same Government who promised, in their 1997 manifesto:

"We will introduce a budget within two months after the election to begin the task of equipping the British economy and reforming the welfare state to get young people and the long term unemployed back to work"?

**Rob Marris:** We did that.

**Mr. Clappison:** So the hon. Gentleman says, but one of Labour's key pledges was:

"We will get 250,000 young unemployed off benefit and into work".

Today, as my hon. Friends have reminded the House, there are 140,000 more 16 to 24-year-olds unemployed than there were in 1997. That is the scale of the Government's failure. What is worse, however, is that it is not entirely connected with the present recession. The number of unemployed 16 to 24-year-olds started to rise long before this recession took hold. In their expert analyses, my hon. Friends the Members for Altrincham and Sale, West and for North-East Hertfordshire demonstrated that the Government's claims were a statistical fiddle, while throughout that time they were failing to provide the personalised help that people needed.

Yesterday—my right hon. Friend the Member for Maidenhead mentioned this—the Government told me in a written parliamentary answer that there were approximately 200,000 more young people aged to 16 to 24 not in education, employment or training than there were in 2000, when the recording of the so-called NEETs began. *[Interruption.]* The Secretary of State says, from a sedentary position, "What about the 2 million?" I think that he would do better to spend his time thinking about the problems that people face today. He was happy talking about the claimant count in 1986; why will he not talk about the claimant count today, and about what should be done to bring it down? He must face the fact—he must admit—that his policies have not been the success that the Government wished.

As the right hon. Member for Birkenhead (Mr. Field) wrote in *The Daily Telegraph* last week—and he is in a position to know, if anyone is—the new deal has

"not been the success that ministers claim."

Little wonder that the Government have chosen radically to alter, if not abolish, the mandatory new deal, and to put the flexible new deal in its place. As my hon. Friend the Member for North-East Hertfordshire pointed out, we want help to be provided for people, and we believe

that our proposals would be far more effective in getting help to the unemployed. In the meantime, however, we need to ensure that whatever help is offered by the Government is put in place, and we need to hear a much clearer definition—a much clearer spelling out—of what will happen to the flexible new deal. Will the Government guarantee that it will be in place by 1 October this year? Thousands of unemployed people, including young unemployed people, want to know the answer to that question.

Far too often, instead of providing the help that is needed, Ministers have presented a picture of what is happening that is very far from the experience of the thousands of our constituents who are obliged to visit jobcentres. In October, when we last debated this subject, the Secretary of State said that whatever problems we brought to light, we could not

"detract from the fact that there are 600,000 vacancies in the economy".—[*Official Report*, 7 October 2008; Vol. 480, c. 205.]

I will be corrected if I am wrong, but I think that there was an interesting silence from the Secretary of State today on the subject of the number of vacancies in the economy. What was the reason for that eloquent silence? Could it be connected to the fact that since the Secretary of State gave that figure in October, the number of vacancies has fallen in every month? In January, to which the most recent figures relate, the number of vacancies was barely 500,000. As for the number of vacancies advertised in jobcentres, the situation is bleaker still: the number has fallen from 383,000 at the time when the Secretary of State made his comment to 271,000, the most recent figure.

**James Purnell:** They are not advertised.

**Mr. Clappison:** Yes. The Government have broken another promise. They said that they would ensure that the vacancies were advertised in the jobcentres, but they failed. I think that the Secretary of State would do better to keep quiet rather than intervening from a sedentary position. What he fails to face up to is the reality encountered by so many of our constituents: that in jobcentres up and down the country there are many times more jobseekers than there are vacancies for them to fill.

I do visit such jobcentres. In Dartford, for instance, there are five jobseekers for every vacancy. In Harlow and Selby there are 12, as there are in Pendle. If the Secretary of State chose to visit his local jobcentre in Stalybridge and Hyde, he would find that there were 18 jobseekers for every vacancy in his constituency. He needs to reflect on that a little more, rather than talking about the past.

I can, however, offer the Secretary of State this consolation. He is good at finding consolation; it is one of his specialities. He may need to look for more consolation in the future. I recently visited a welfare-to-work provider in Hull. Apparently, in one of the Hull parliamentary constituencies there are 4,363 jobseekers and 74 vacancies. That means that there are approximately 60 jobseekers per vacancy. That is what this Government have done for the good people of Hull.

This is a Government who are failing to meet the challenge of the recession and unemployment. Everything that we have heard from them today suggests that here is a party that has lost its way. Its Back Benchers lack interest in the severe problems affecting many of their constituents, as can be seen from the pitiful turnout today, while its Ministers have run out of the energy and enthusiasm that are needed to tackle the problem. There is also a lack of policies. This is a Government who are failing to introduce timely policies to bring real help to people when they need it, and a Government without the vision to tackle the problems for the long term.

We need fresh thinking. We realise what a terrible experience so many of our constituents are undergoing, and we realise that this Government cannot provide that fresh thinking. In the meantime, we will do what we can to chivvy them along to provide some help, but the people of this country need far better help than they have been receiving. We have set out our plans for the future. We want to give the people affected by the recession hope for the future. This country needs fresh thinking, and it will fall to those on this side of the House to provide it.

6.48 pm

**The Minister for Employment and Welfare Reform (Mr. Tony McNulty):** I am afraid that, for all the passion and for all the absence of substance in the speech of the hon. Member for Hertsmere (Mr. Clappison), if a speech does not include as firm as possible a commitment to the £2 billion extra that we are already spending, it is all hot air. It is all vacuity on stilts, counting for absolutely nothing.

Apart from the contributions from those on the Opposition Front Bench, however, we have heard some fine speeches. I pray in aid the hon. Member for Wellingborough (Mr. Bone). If he wishes to discuss with me some of the serious points that he made about redundancy payments and other issues, I shall be more than happy to examine them in detail. He reminded the House, as did the hon. Member for North-East Hertfordshire (Mr. Heald), that these are serious matters which should be dealt with seriously.

In formulating policy, neither a Government nor an Opposition should treat the British public as idiots, but I am afraid that, without the money, that is what is happening. If the right hon. Member for Maidenhead (Mrs. May) is seriously suggesting that all that has been done—in driving efficiencies through, the creation of Jobcentre Plus and the mammoth task of merging the benefits service with the employment service—is somehow, in some quasi-Trot fashion, all about cuts, she needs to learn a serious lesson. If she is trying to equate the £1.83 billion in efficiency savings made by that entire process with the £2 billion extra money, with extra jobs, targeted appropriately through Jobcentre Plus to give people real help now, she is on a different planet. We welcome—it cannot come soon enough—the ennoblement of David Freud in the other place to add weight to what is palpably such a thin team to deal with such a serious matter. *[Interruption.]* No, there is no fear of me being thin; I totally accept that.

The hon. Member for Banbury (Tony Baldry), who is not in his place at present, made some serious points, but equally serious was the remark from our side that, happily, until very recently Oxfordshire probably has not required such a thing as job clubs. That should be a matter of rejoicing, rather than being seen as a matter

*[Mr. Tony McNulty]*

of policy absence. If the hon. Gentleman were present—as he is a very honourable gentleman, I am sure that he has his reasons for not being here—I would tell him that I would welcome talking to him further about jobcentres. The job club process has existed for some time in other jobcentres; across the entire network, it never went away. However, I commend what the hon. Gentleman has done in the current circumstances for his constituents and others in the area.

I also commend the hon. Member for Blaenau Gwent (Mr. Davies) on his speech, although I do not agree with everything he said. He delivered a focused speech that, again, brought us back to the humanity behind the figures, and the potential destruction of communities if we do not address these matters. He took the issue very seriously, and I will relay to appropriate colleagues in Government some of the broader points that he made about administration and the 90-day notice of redundancy, because, for all that we can do with the rapid response service at present, we say time and again to employers, "Let us in at the earliest opportunity." That can only thus far be after a request, and we will have to look at whether we can put a bit more substance around that—although, as ever with legislation, that will take longer than we might want.

However, I would not traduce—as some colleagues do in their enthusiasm—the rapid response service. Where it has worked effectively, it has worked very well. Some 800 employers have been involved at various times—that does vary. At some stages, it is about getting people to manage the process of unemployment, because of the current state of the labour market. At its best though, such as for Woolworths employees, people's feet have not touched the ground. In the case of the Trafford centre in Manchester, because the rapid response service was there, employees went straight from Woolworths into other retail jobs, and did not even get to the unemployed stage. I accept that there is a huge range along this continuum, and we have never said any of these components are the magic wand that will solve everything.

We do not resile from the fact that every job lost is a tragedy, and that the cumulative loss of jobs can cause real problems for communities, but I reject the vacuous notion that somehow the UK dragged poor old Scotland into the recession, as though there it was, sitting happily in the arc of affluence—I think that was the phrase—and, together with Iceland, it could have struggled along regardless of the global recession. Nor do I accept the suggestions of the hon. Member for Glasgow, East (John Mason) about capital expenditure. Given what the Scottish nationalist Government are doing with private finance initiatives and capital expenditure, and what they are not doing in terms of skills and apprenticeships—I have spoken to Ministers up there—they have no leg to stand on in even making a contribution on the economy or unemployment in this country, and they should be sidelined for the micro-little party they are, and will be again back in Scotland.

I take very seriously the points of the hon. Member for North-East Hertfordshire and my hon. Friend the Member for Nottingham, South (Alan Simpson)—who is not present, and must have very good reasons for not being so. They made serious contributions, touching not only on our response to the current downturn, but on what should follow. Between them, they made some very astute points about matters such as the low-carbon economy, green jobs, and taking some time as we work through the unemployment that is currently with us to lay the groundwork for what the economy will look like afterwards. That is a difficult trick to pull off, but it is one that a Government of any political persuasion should be trying to perform.

I accept the point of my hon. Friend the Member for Halton (Derek Twigg) about the £2 billion, because that is essential to keep Jobcentre Plus going and working effectively. I also take his point—not least because we recently announced the Houghton report—about the role of local government of all political persuasions in working with its local communities to do everything possible for local labour markets.

A point was made about the six-month offer that will come in from April. That will be for everybody at six months, and in this instance it is right and proper to say what we will do in January, to get on then with the design work, and to make sure it is available for people by the end of this month. That is the way it should be.

When the predecessor of the right hon. Member for Maidenhead announced a similar scheme last November, it was utterly for the birds for the following reasons: there was no funding at all; it was as if it had been written on the back of the proverbial envelope, which is the politically correct way of saying the back of a fag packet; and crucially, her colleagues had made utterly wrong assumptions about the cost of people being unemployed for 12 months, forgetting that, even now in the depths of this downturn, Jobcentre Plus does help people back into work—60 per cent. within three months, and 75 per cent. within six months. What the Opposition came up with was not costed; therefore, it was not worth the paper it was written on.

People must be offered substantial help, support and promise, rather than suggestions, all of which are fatuous if there is no money behind them. Because of its deception, that is a cruel way to conduct politics, especially given the serious nature of these issues. *[Interruption.]* The right hon. Lady chunters away from a sedentary position. She was asked time and again, notwithstanding the fact that she has two shadow Chancellors, to stand up to both of them and agree that the £2 billion can, and should, be spent now as a real help for people throughout Jobcentre Plus. Answer came there none—absolutely none. I still offer her the chance to do that, but she is still not forthcoming.

I do not want to dwell on the past, and I do not think the Secretary of State dwelt on it. This is all about the future, save for one point: we must learn from the past. We have learned from the good and bad elements of all aspects of the new deal over the past 10 years, and those lessons are informing the flexible new deal. We also can, and should, learn from previous recessions, and we will not face the people of this country without learning those lessons and ensuring we do not dump people sideways on to benefits just for the sake of it and leave them alone. We also do not—whoever said it earlier was wrong—cook the books and change the statistics 19 times for our own purpose, as we would far rather work with the numbers as they are. Also, it cannot be in anybody's interest—I start from the position that every Member of the House agrees with this—that we leave anybody to

one side and do not help them. Therefore, we push on with welfare reform despite the downturn, and we offer everybody as much help as we can.

The one lesson from our recent history, regardless of the party politics involved in previous recessions, is that now, more than ever, we cannot stand idly by while anybody suffers from this recession. All of us must make sure that the UK gets out of this in as strong a position as possible—the country will not forgive this Chamber if that is not what prevails.

*Question put (Standing Order No. 31(2)),* That the original words stand part of the Question.

*The House proceeded to a Division.*

**Mr. Deputy Speaker:** I ask the Serjeant at Arms to investigate the delay in the No Lobby.

*The House having divided:* Ayes 161, Noes 349.

**Division No. 56]** **[6.59 pm**

**AYES**

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Howell, John
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Wiggin, Bill
Willetts, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George

**Tellers for the Ayes:**
**Jeremy Wright and James Duddridge**

**NOES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann

Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Wareing, Mr. Robert N.
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

**Tellers for the Noes:**
**Steve McCabe and Claire Ward**

*Question accordingly negatived.*

*Question put forthwith (Standing Order No. 31(2)),* That the proposed words be there added.

*Question agreed to.*

*The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).*

*Resolved,*

That this House notes that unemployment is rising in Britain and across the world; believes that unemployment is never a price worth paying and that as unemployment rises the amount of support that is offered should be increased; further notes that the Government is investing nearly £2 billion extra into giving additional assistance for the unemployed and that this will provide additional help to people losing their jobs, including a national rapid response service to react to redundancy situations, advice from day one of unemployment on skills and finding a job, assistance to pay mortgage bills to prevent people losing both their jobs and their homes, cash incentives for employers to recruit and train unemployed people, more training opportunities to help people back to work and more places on the New Deal employment programme; believes that it is preferable to invest millions into helping people now than to spend billions of pounds of public money on benefits in the future; further notes that in previous recessions the numbers on inactive benefits were allowed to increase dramatically; further believes that the mistakes of previous recessions must be avoided by investing now to prevent people becoming long-term unemployed today; and further believes that the Government should increase the support offered to people trapped on benefits by previous recessions.

## European Working Time Directive

**Mr. Deputy Speaker (Sir Alan Haselhurst):** I advise the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

7.15 pm

**Mr. Andrew Lansley** (South Cambridgeshire) (Con): I beg to move,

That this House opposes the forthcoming blanket imposition in Britain of the 48- hour working week under the European Working Time Directive in August 2009; welcomes improvements in the workplace which improve safety and general wellbeing but does not believe that the further implementation of the Directive is necessary to deliver this; notes in particular the potential impact on patient safety arising from reduced and inflexible working hours for NHS doctors; recognises the additional constraints imposed on the NHS by the SiMAP and Jaeger judgements; is disturbed by the negative impact of the Directive on medical training and on the viability of some frontline services; further notes that the New Deal for Doctors in 1991 would have secured the necessary reduction in junior doctors' hours; regrets a series of missed opportunities to amend the worst aspects of the Directive since 2003; expresses solidarity with other member states who are finding the Directive impracticable, including the 15 countries that currently depend on derogation; further notes that the loss of the opt-out and the distinction between active and inactive on-call time would also be deeply damaging to British business and other public services such as those provided by retained fire-fighters; fully agrees with the Secretary of State for Business, Enterprise and Regulatory Reform that the UK should stand firm in support of the opt-out; deeply regrets that most Labour Members of the European Parliament (MEPs) have failed to support the Government's position; advises Labour MEPs to support the retention of the opt-out; and urges the Government to give full consideration to alternative solutions.

We have given up waiting for the Government to allow Parliament to debate the issues that will have most impact on the health service, so I am very glad that my colleagues have once again allowed us to raise an issue that is timely and important as regards the management of the national health service. I hope that we have not gone beyond the point at which the Government can do something to remedy the problems. The timing is important.

**Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): Will the hon. Gentleman give way?

**Mr. Lansley:** I will in a moment; I have not begun yet—*[Interruption.]* Perhaps I will give way to the hon. Gentleman, since he might be eager to go to dinner.

**Sir Robert Smith:** I am eager to hear the hon. Gentleman's words, especially as there is considerable concern in the health service about the impact on training and on the development of doctors. The motion should go wider, however. There is great concern in the north-east of Scotland about the future of the retained fire brigade service and the working time directive. I wanted to add that important focus to his introductory remarks.

**Mr. Lansley:** I am afraid that the hon. Gentleman has neglected to read the motion that I have just moved, which

"further notes that the loss of the opt-out and the distinction between active and inactive on-call time would also be deeply damaging to British business and other public services such as those provided by retained fire-fighters".

*[Mr. Lansley]*

We did raise that matter, but if the hon. Gentleman wants to make a point later about retained firefighters I am sure that my colleagues would welcome it.

**Angus Robertson** (Moray) (SNP): Will the hon. Gentleman give way?

**Mr. Lansley:** No, I will make some progress. Let me at least explain why I think that this motion is timely. From the health service's point of view, it is just four months until the introduction at the beginning of August of the 48-hour limit on junior doctors' hours. However, the long-term future of the working time directive lacks clarity.

On 17 December last, the European Parliament voted against the common position that had been put to the Parliament on behalf of the Council of Ministers. The majority of Labour MEPs voted against the position that had been taken by the UK Government in the Council of Ministers. As a consequence of that vote, the conciliation between the Council of Ministers and the European Parliament will start shortly—I am told that it will start as early as next week. Although that conciliation could extend as far as the European parliamentary election, it would be far better from the point of view of creating certainty and clarity if, through that process, UK national interests could be secured through the retention of the opt-out and the redefinition of on-call time and compensatory rest. It is important to secure those interests, and the present lack of clarity is causing considerable difficulties for the national health service.

**Angus Robertson:** I am grateful to the hon. Gentleman for giving way so early. He talked about the important vote in the European Parliament. Is he as concerned as I am that the only Liberal Democrat MEP from Scotland voted to end the opt-out? Why do we get questions from Liberal Democrats here when their MEPs voted differently in Brussels?

**Mr. Lansley:** The hon. Gentleman makes an interesting point. We will have to find out why the Government have pursued a line that does not appear to be supported by their MEPs. Perhaps the Liberal Democrat spokesman will tell us why that party appears to be pursuing a line not supported by theirs, but I am happy to say that at least Conservative Members have taken a view on these issues that is supported by our MEPs.

If I may, Mr. Deputy Speaker, I shall focus on the issues as they affect the NHS. Later, I hope that my hon. Friend the Member for Rayleigh (Mr. Francois) will have an opportunity to talk about some of the wider issues raised by the European working time directive. However, the health service issues illustrate the impact that inappropriate and unthinking legislation can have on the delivery of public services and, by extension, private sector services and production.

I shall begin with some of the background to a problem that Opposition Members have found very frustrating. As far back as 1991, the excessive hours worked by junior doctors were clearly unacceptable. The problem needed to be tackled, and that is why the new deal for junior doctors was introduced in that year. Its objective was to bring us to the point where junior doctors worked a maximum of 56 hours a week, and we reached that position three years ago. That measure was introduced domestically by the UK Government for UK purposes. When the working time directive was introduced in 1993, it was recognised that there was a need for exemptions, and doctors in training were exempted.

When the directive was extended in 2000, it was recognised that there needed to be a substantial transition period. The 2003 regulations implementing the changes to the directive in this country specified a maximum working week of 58 hours from 1 August 2004, 56 hours from 1 August 2007, and 48 hours from 1 August 2009. I am sure that it will be part of the Secretary of State's argument that the NHS has had notice since 2003 of what will be required by the law in 2009.

**Mr. David Heathcoat-Amory** (Wells) (Con): I thank my hon. Friend for his remarks so far, but is it not extraordinary that our employment policies depend on contorted negotiations in Brussels with other member states, many of which have every interest in imposing more and higher employment costs on the UK economy? Will he confirm that it is our party's policy to repatriate employment policies back to this country from the EU, so that we can decide these matters ourselves?

**Mr. Lansley:** My right hon. Friend will know, as will my other colleagues, that our intention is to secure national control over social and employment legislation. I know that my hon. Friend the Member for Rayleigh will want to expand on that, but I entirely concur with what my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) has said about the absurdity—the perversity, as it were—of seeking to introduce European legislation that is applied in ways that go far beyond the original intention. We know that that has happened, because we are about to debate the further tightening—from 56 to 48 hours—of restrictions on working hours for junior doctors. There is no good evidence that that would have any meaningful impact on the health and safety of those employees—the ostensible purpose of the regulation—but, as I hope to go on to explain in detail, it would have damaging effects on the management of the NHS, as well as serious implications for patient safety and the delivery of services for patients.

**Peter Bottomley** (Worthing, West) (Con): Will my hon. Friend join me in pointing out to the Secretary of State that his predecessor had helpful advice from many doctors, including from some in my constituency? They said then that the Modernising Medical Careers and Medical Training Application Service systems would not work, and neither would the NHS IT system, and they are saying now that the working time directive will not work and that it is bad to have surgeons without enough work experience becoming consultants. I was a junior Minister involved with European legislation when this matter was first discussed in 1984. I have asked every Commissioner whom I have met since then, "Do you work more than 48 hours? Do you find that it affects your health? How many days do you have off work?" However, none of them seems to go sick, or say that 48 hours is enough. If the directive is not good enough for Commissioners, why should it be forced on other people who want to work?

**Mr. Lansley:** My hon. Friend makes a good point. Indeed, the Opposition are beginning to see some striking parallels with how some quarters of the medical professions warned the Government about the disastrous implementation of MMC and MTAS. The Government simply did not listen. Some two years ago, the Royal College of Surgeons was warning about what was going to happen, and offering some solutions. Today, it is again expressing warnings and offering ideas and solutions to the Secretary of State. It is incumbent on Ministers to respond to those ideas, and not simply ignore them.

However, the challenge issued by my hon. Friend the Member for Worthing, West (Peter Bottomley) is interesting. Perhaps the Secretary of State worked more than 48 hours last week: if so, will he tell the House at what point his judgment and decision-making capacity were impaired?

**The Secretary of State for Health (Alan Johnson):** I knew that the Opposition were in favour of pulling out of the social chapter, but will the hon. Gentleman clarify whether it is their policy to pull out of the European working time directive?

**Mr. Lansley:** No. I said that our policy was to secure national control over social employment legislation. That is how we have expressed it, and that is what we will aim to do. The question for this debate is how the Government will secure their policy and our national interests in the next few months. Perhaps the Secretary of State has shifted his position so completely that he now thinks that the only issue is what the next Government are going to do. If so, that is fine: by all means let us have a debate about that, in recognition of the fact that we will be taking over these responsibilities. Unless and until we do, however, our task is to challenge the Government about how they are discharging their responsibilities to deliver our national interests now and over the four months before the working time directive is implemented.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): Will the hon. Gentleman give way?

**Mr. Lansley:** I will give way in a moment, of course, but it is important to recognise that although the regulations were implemented to achieve a progressive reduction in working hours, the way that the European Court of Justice chose to interpret them also had a substantial impact.

The SiMAP and Jaeger judgements are relevant in this regard. The SiMAP judgment treated time spent as a resident on call as working time, regardless of whether the people involved were actively engaged in work. The Jaeger judgment reinforced that, and also applied the interpretation that compensatory rest for time worked should be achieved before the next scheduled work period. Both judgments, of course, had a substantial impact on junior doctors' ability to fulfil their obligations in operating rotas and the like. They also effectively ended the resident-on-call status that until then had been a substantial part of their service contribution to the NHS.

**David Taylor:** I am grateful to the hon. Gentleman for giving way. Earlier, he seemed to agree with the suggestion from the right hon. Member for Wells (Mr. Heathcoat-Amory) that the working time directive was some dastardly European plot imposed on us from Strasbourg and Brussels. I stand second to none in my scepticism about many things European, but I am not aware that any foreign firms are seeking to deliver the retained fire service in Scotland or parts of the NHS in England. That is a daft suggestion. When the 56-hour and 48-hour working week were being trialled, it is true that there were gaps in provision, but surely they could be filled by locums if we were able to train enough of them. The health and safety—

**Mr. Deputy Speaker:** Order. I hope that the hon. Gentleman would not tolerate such a long intervention in any Committee under his chairmanship.

**Mr. Lansley:** Thank you, Mr. Deputy Speaker. In so far as I understood the hon. Gentleman's intervention, I think that I will cover his point in my remarks.

In 2004, the European Commission, reviewing the working time directive, proposed to retain the individual opt-out and to redefine inactive time and compensatory rest in ways that would have been helpful, from our point of view. Unfortunately, as Ministers subsequently admitted in debates, they were unable, even during the UK presidency, to deliver that through the Employment Council. In June last year, a common position was reached in the Council; again, that would have been helpful from our point of view, but the European Parliament has voted against it. None of that impacts on the possibility of providing additional flexibility through the directive to provide a derogation beyond 48 hours to 52 hours through to 2012, so that the 48 hours does not apply to junior doctors in 2009. That is all by way of background.

What I find remarkable in all that is that the response of Government seems to have been so weak when it came to our national interests. The right hon. Member for Barrow and Furness (Mr. Hutton), who was Minister of State at the Department of Health at the time, was in January 2004 so misguided as to say:

"Complying with the working time directive need be neither costly nor a burden."

People across the national health service know that it is an enormous burden, even in the pilot projects, which have sought to put the most charitable interpretation on the matter. There are enormous costs, and there are implications for rota design, staff arrangements, and in particular, the recruitment of additional locum and consultant staff. In recognition of that—it is scarcely full recognition—the Government are providing £110 million this financial year and £200 million next financial year to compensate. So we know that compliance is costly.

**Mr. John Redwood** (Wokingham) (Con): Is that not typical of this Government, whose approach to Europe is always supine? They try to find out what the answer will be first, and then they say that that is the answer that they want. They have never stood up for British interests on anything and seen it through to a successful conclusion. They gave the money away, and now they are giving the working rights away.

**Mr. Lansley:** Yes, my right hon. Friend is absolutely right. Interestingly, even two months after the right hon. Member for Barrow and Furness made the statement that I quoted, he recognised that there were problems with the working time directive. He said:

"We are actively seeking changes to the Working Time Directive…to enable national health service employers to comply with the WTD more easily."—[*Official Report*, 30 March 2004; Vol. 419, c. 1378W.]

*[Mr. Lansley]*

Two years later, recognising the difficulties, the right hon. Member for Birmingham, Hodge Hill (Mr. Byrne), then Parliamentary Under-Secretary of State for Health, said:

"Both the retention of the individual opt out and a solution for the problems caused by the SiMAP/Jaeger judgments remain key priorities for the UK".—[*Official Report*, 10 March 2006; Vol. 443, c. 1820W.]

They may have been key priorities, but they were not achieved; I am afraid that the Government have consistently failed on the issue.

Interestingly, in January this year, when we raised the issue in the course of a debate on emergency care, the Secretary of State said, in apparent contradiction of the Government's intentions:

"We have decided…that the national health service will have a 48-hour working week with no opt-out."—[*Official Report*, 21 January 2009; Vol. 486, c. 774.]

He did not qualify that. For a start, does he actually intend that consultants in the NHS should have no opt-out? Is he actually contending that he wants to get rid of the individual opt-out? Is he contending that there is no scope for derogations? It all appears to be completely contrary to the Government's stated policy intention. The Secretary of State is all over the shop on that subject.

**Rob Marris** (Wolverhampton, South-West) (Lab): The working time directive is a piece of health and safety legislation. Can the hon. Gentleman tell me of two other pieces of health and safety legislation that allow the individual employee simply to opt out of something that is there to protect his or her health?

**Mr. Lansley:** That is a curious intervention. It is ostensibly the policy of the hon. Gentleman's Government that there should be an individual opt-out, but he appears to be arguing that that is strange and anomalous. We are in favour of retaining the opt-out, even if Government Members—not only Members of the European Parliament but Members in this Parliament—appear not to have understood, or to support, anything that the Government tell them. What I find really curious is that although the Secretary of State told the House that the limit would be 48 hours and that was that, nine days later he sent the European Commission notification of the fact that there would be a derogation. Unfortunately, he wrote that on the basis that the derogation would relate only to

"doctors in training who are delivering 24 hour immediate patient care, in some supra specialist areas or in small, remote, or rural"

areas. He did not give the opportunity for a wider derogation—something that the Royal College of Physicians, for example, is very keen to have.

**Mr. William Cash** (Stone) (Con): My hon. Friend is making a very good speech on health matters, but of course there is also the question of business as a whole. Has he noticed that in this time of economic crisis, the number of countries seeking derogation has risen to 15 and is growing, precisely because countries now appreciate that they need that flexibility, particularly for small and medium-sized businesses? To do otherwise in an economic crisis is pure Alice in Wonderland.

**Mr. Lansley:** Yes, it is interesting; 15 member states, including ourselves, make use of the opt-out. It is astonishing that throughout the process, the European Union, through its decision-making processes, appears to have been able to resist what, on the face of it, was the common position of most of the member states of the European Union, represented in the Council of Ministers. The way in which decision making is structured in the European Union gives one pause for thought. I shall say no more on that; it is not my place to do so.

**Norman Lamb** (North Norfolk) (LD): Will the hon. Gentleman give way?

**Mr. Lansley:** I shall make some progress, but I will give way in a minute. I do not want to lose sight of the nature of the problems that the issue creates for the NHS. This is not a theoretical debate about European policy, or the merits or otherwise of reducing working hours for junior doctors. As I said, in the absence of the working time directive, we would none the less have enforced a 56-hour limit on working hours for junior doctors, to prevent them from having an excessive work load.

**Norman Lamb:** Will the hon. Gentleman give way on derogation?

**Mr. Lansley:** All right, I give way on derogation.

**Norman Lamb:** I am grateful to the hon. Gentleman. Does he agree that derogation, which would still involve a four-hour reduction to the current number of hours allowed, does not solve the fundamental problems? It does not address concerns about patient safety or the impact on training; it simply delays the inevitable for two years.

**Mr. Lansley:** Yes, I agree with that, and I will come on to some possible solutions, although I fear—I know that some of my colleagues would say this—that the directive imposes a legislative straitjacket that limits our potential, even given the common position taken by the Council of Ministers.

Let me be clear about what the problems are for the NHS. First, the Government are proceeding on the basis that there is a much higher level of compliance than there really is. Ministers are working on the basis of compliance with the new deal for junior doctors, not with the working time directive directly. When the Royal College of Surgeons went to the north-west region, which the Government had said was already 97 per cent. compliant with the obligations for this August, it found that one third of those units in the north-west were not compliant, and about a third of those who were not compliant thought that they still would not be compliant by August.

Are the data that we see reliable? The Association of Surgeons in Training, which surveyed its surgical trainees, found that only a quarter of them had contracts and human resources department data that were an accurate reflection of the real hours that they were working, so we may not be getting proper data. Worryingly, 55 per cent. of members of the Association of Surgeons in Training went on to say that they were pressured falsely to declare their actual hours worked, and 80 per cent. of surgical trainees supported an opt-out from the European working time directive to protect their training.

The second problem is that a reduction in trainees' hours reduces the time available for training. We knew that that was happening—Modernising Medical Careers and the new deal did that—but what is proposed goes even further. It means that doctors are moving to shift working, instead of operating as a firm and taking collective responsibility. Most of us, in so far as we know about the way in which junior doctor training works—many of us do—have always thought in terms of a consultant and his or her "firm", but that will have to go if all the changes are made, because junior doctors simply will not be able to be there for enough time, and will not get enough contact with their consultant, to make that happen.

Junior doctors will lose continuity of learning. They will not be able to admit a patient, see them through their course of treatment and see what happens to them when they leave to the same extent as they once did. Continuity in relation to patients is a very important aspect of learning. The cumulative experience of trainees in the course of their medical education is absolutely vital. We know that the reduction from 10,000 hours of contact and direct experience of the treatment of patients to 7,000 hours will have a significant impact. As Professor Janet Grant from the Open university said, the difference between competent and expert is 10,000 accumulated hours of experience. Do we want specialists who have the ticks in the boxes when it comes to their training qualifications, but who do not have sufficient practical, supervised experience in the procedures with which they will be involved? I do not and patients do not, and the Secretary of State has a letter from the lay group advising the Royal College of Surgeons on the matter. The medical profession does not want that. The surgeons in training do not want it. So why does the directive and why will the Department prejudice the safety of patients for no initial gain for doctors?

**Mr. Desmond Swayne** (New Forest, West) (Con): Given that the working time directive is, in essence, a health and safety measure, can it be healthy or safe that the future generation of consultants will have less than half the clinical exposure that the current generation has?

**Mr. Lansley:** That is exactly right. What are we gaining in health and safety terms for junior doctors by prejudicing in this way their capacity to undertake the necessary training in order for them to become not only qualified specialists, but excellent in the services that they provide?

Some of the studies have made it clear that the change does not make much difference. For instance, a study in the *Journal of Occupational and Environmental Medicine* last year reported:

"Our results challenge the assumption that each hour of work above 40 hours steadily increases health and safety risks and reduces productivity. In fact, no adverse effects were found until the 60-hour per week mark".

Another study published by the university of Maryland said:

"Studies show that the risk of an incident associated with long work hours may be influenced more by the precise work schedule, including the length and timing of the duty periods, and the provision of breaks, than by compliance or lack of compliance with the arbitrary benchmark of 48 working hours."

Many junior doctors say that the shift system often leads to negative impacts on their sense of well-being and their work-life balance, and one of the surveys by the Royal College of Physicians showed exactly that—a negative effect on their work-life balance.

**Mr. Kevin Barron** (Rother Valley) (Lab): In its position statement in January this year, the Association of Surgeons in Training said that

"it is necessary to return to a working week of approximately 65 hours".

Does the hon. Gentleman agree with that?

**Mr. Lansley:** No. In any case, under the new deal for junior doctors, it would not be possible to go beyond 56 hours. That was introduced by us, not by the present Government, but it does not mean that there is not considerable scope. For example, RemedyUK, which has honourably been involved in telling the Government some of the things they should have done on Modernising Medical Careers and the Medical Training Application Service, has made it clear to the Government that there could, for example, be a process by which junior doctors collectively made a decision to opt out from 48 hours and opt for up to 56 hours. That would enable many of the rotas currently operated in our hospitals to be maintained.

As a consequence of MMC and MTAS and the loss of junior doctors resulting from reactions to them, we are seeing a considerable increase in the vacancy rate among junior doctors. A specialist hospital reports a 30 per cent. vacancy rate, whereas three years ago it had 40 applicants for each post. How did we get to such a situation? Two years ago we had an excess of junior doctors. The Government have spent considerable amounts of taxpayers' money increasing the number of medical students, and lo and behold, where have we arrived? Across the hospital sector, rotas cannot be filled, junior doctors are not applying, and the shortfall has to be covered by extending the hours of consultants, who could opt out up to 78 hours if they had to, and by internal locums probably not properly supervised to protect the interests of those junior doctors.

**Dr. Howard Stoate** (Dartford) (Lab): Will the hon. Gentleman give way?

**Mr. Lansley:** No, I shall conclude, if the hon. Gentleman will forgive me.

We need a way ahead. We need to know from the Government that we will retain the individual opt-out, and we need the Government to explain how they will secure a policy objective that they have talked about for five years but have not secured. We need an explanation from the Government of how they will achieve that in the European Union.

As solutions to the problem, junior doctors must continue to be able to opt out from 48 hours and go up to as much as 56 hours, in the way that RemedyUK has suggested to the Government, although they do not seem to be engaging with the issue. Inactive time on call should not be treated as working time, so that rotas can be given the proper flexibility. We need to explore the scope for collective agreements under the directive, which the Royal College of Surgeons has pressed upon Ministers and which would allow some of the definitions of night-time working and rest breaks to be more flexible.

*[Mr. Lansley]*

As an immediate response, the Government should send to the Commission a much wider notification of derogation that would allow surgical specialties and, if necessary, paediatrics, obstetrics and anaesthesia to retain 52 hours, even if at this stage we do not have the individual opt-out that would allow us to go to 56 hours.

**Mr. Geoffrey Clifton-Brown** (Cotswold) (Con): Will my hon. Friend give way?

**Mr. Lansley:** No, I am concluding, if my hon. Friend will forgive me.

Interestingly, the Government's amendment signals some movement. It states that the Government recognise

"that a solution is required in order to bring back much needed flexibility to the treatment of on-call time and compensatory rest time".

The problem is that they have not achieved that. As my hon. Friend the Member for Rayleigh will make clear in his winding-up speech, if we achieve that flexibility, the retention of the opt-out and the ability to amend the directive, we will be able to support greater labour market flexibility and competitiveness generally. The burden of compliance with the working time directive has been enormous, but the benefit has been far too limited by comparison.

We have had years of promises from Ministers, but they have failed. It is time for action by the Government and for clarity about the long-term future of the working time directive. The Government are always claiming influence in Europe. It turns out that they cannot even influence their own Members of the European Parliament. The time has come for MEPs who will promote British interests, and the elections in June will take care of that. The time has also come for a Government who have impact in securing our interests in Europe. That will come at the next general election, through a change of Government.

**Several hon. Members** *rose—*

**Mr. Deputy Speaker:** Order. With the number of hon. Members who have by now indicated that they wish to take part in the debate at 15 minutes per head, we would have to start now, which would be a little unfair to the Secretary of State and the hon. Member for North Norfolk (Norman Lamb), so I give notice that I shall reduce the time limit on Back-Bench speeches to 10 minutes.

7.47 pm

**The Secretary of State for Health (Alan Johnson):** I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"agrees it is right that no worker should be required to work longer than 48 hours per week averaged over 26 weeks unless he or she freely chooses to do so; notes the Government's manifesto commitment to maintaining the individual opt-out from the European Working Time Directive; further notes the importance of the individual opt-out which is used by the UK along with 14 other EU member states; recognises that maintaining the individual opt-out is a key part of the UK's flexible labour market and of particular importance during the current economic climate; understands the particular concerns related to the working of excessive hours in the medical professions and welcomes the significant progress that has been made in the NHS to reduce junior doctors' hours; further notes the challenges faced as a result of the SiMAP and Jaeger judgements; further recognises that a solution is required in order to bring back much needed flexibility to the treatment of on-call time and compensatory rest time; welcomes the significant progress made in introducing the Working Time Directive across all clinical and staff groups within the NHS; further recognises that an extended derogation is necessary for a limited number of specialties and isolated, rural locations in order to ensure the efficient implementation of the Directive; and supports the continuing action to work with staff, clinicians, the British Medical Association and the Royal Colleges to ensure the workable implementation of the Working Time Directive to the benefit of patients and staff."

This debate provides a timely opportunity to remind the House of the principles behind the European working time directive. The philosophy behind the motion was, I believe, something to do with the Conservative Whips, who wanted to get a bigger turnout on their Benches. If "European" is mentioned in the same line as "working time", all sorts of people come out of the woodwork. It is extremely important to ensure the proper implementation of the directive.

**Bob Spink** (Castle Point) (Ind): I am grateful to the right hon. Gentleman for allowing me to intervene so early. Does he agree that it seems from the motion that the Tories are tinkering with the issue, and that the only sustainable way forward is to renegotiate the European Communities Act 1972? That is the only way that we will solve these European problems, and it is in line with what the majority of the British people want us to do.

**Alan Johnson:** From the Conservative speeches and interventions, it sounded to me as though that is precisely what the Opposition intend to do, which would, of course, mean renegotiating the treaty of Rome.

The directive is, above all, about protecting employees from exploitation. It gives employees the right not to work beyond a maximum of 48 hours a week. It also gives British workers a statutory entitlement to holidays and rest breaks which have been common in most other European countries for many years. At the same time, it reflects the right of individuals to opt out of the weekly limit if they so choose. The common position agreed at the Council of Ministers last June made it clear that the right to opt out should remain, as well as setting out how we could resolve the difficulties that many member states, including the UK, are experiencing as a result of the SiMAP and Jaeger judgments

**Mr. Oliver Letwin** (West Dorset) (Con): Does the Secretary of State agree that, in the light of his remarks about the need to protect people from exploitation, it is slightly odd that many of my constituents who are doctors have written to me saying that they should be allowed to work more than 48 hours? Is that not an odd state of affairs?

**Alan Johnson:** They can work more than 48 hours; the individual opt-out would allow them to do that. I shall come to the issue with doctors in a moment. [HON. MEMBERS: "What about junior doctors?"] And the issue of junior doctors. Junior doctors have the right of an individual opt-out.

I shall come to the health provisions in a second, but this issue is about the European working time directive. There is an awful lot about the directive itself, and not its application to health, that I need to address. In December 2008, the European Parliament voted through

a number of hostile amendments to the common position, including abolishing the opt-out. I want to make it absolutely plain, including to the Scottish Liberal Democrats who voted for that position, that that is not the end of the process. The directive is, of course, subject to co-decision, and this is the latest step in a complex negotiation between the European Parliament and member states. The UK Government will continue to defend the opt-out, working with many other EU states, as we enter the next phase of conciliation.

In its motion, the Conservative party

"welcomes improvements in the workplace which improve...general well-being."

That is indeed a Damascene conversion. When it was in government, the Conservative party opposed the European working time directive for the same reasons it opposed the national minimum wage. We all remember its version of patriotism: it was to position the UK as the sweatshop of Europe, boasting of its long-hours, low-wage economy. It was not at all perturbed by the high proportion of the UK work force who—never mind working hours—had no entitlement at all to paid holidays. Among working women with dependent children, the proportion was 15 per cent. The Conservative Government voted against the directive being adopted in 1993, and then spent the next three years, and millions of pounds of taxpayers' money, mounting an unsuccessful challenge in the European Court of Justice, which ruled unanimously against them in November 1996.

The UK work force whose "general well-being" the Conservatives welcome so much in the motion today had to wait for a Labour Government to have their rights protected. When in 1998 the directive was finally introduced in the UK, the 48-hour maximum working week was applied immediately to the vast majority of NHS staff, including consultants and nurses.

**Mr. Philip Dunne** (Ludlow) (Con): In his continuing negotiations in Europe and in the context of his remarks about protection and well-being, what would the Secretary of State say to the constituents of Ludlow, not a single one of whom has anyone other than retained firefighters to protect their well-being, if, as a result of the loss of this opt-out, we have no fire protection cover in Shropshire?

**Alan Johnson:** This is the position. The retained firefighters need the opt-out. We have protected the opt-out since 1998, and against the most vehement criticism from other member states. The reason why SiMAP and Jaeger could not be sorted out—and this is a negotiation, of course—is that some member states put the solution of those judgments together with the opt-out. They then said to the UK and other member states, "You can get a solution to SiMAP and Jaeger only if you give up your opt-outs."

We have got to a common position that we all support and that would resolve SiMAP and Jaeger and maintain the opt-out; what the Conservative party now asks us to do is to go back and say, "We want the opt-out, SiMAP and Jaeger, and a sectoral opt-out"—incidentally, the European working time directive does not allow for that, but I will come to that in a second—"for all junior doctors who are involved in surgery." What a brilliant negotiating stance. It is a "Janet and John" way of negotiating an agreement. That is the difference between the Conservative and Labour parties. The Conservatives never had any intention of reaching agreements on issues such as protecting workers' rights—all they saw was "European"; they did not go on to see "working time directive".

**Michael Connarty** (Linlithgow and East Falkirk) (Lab): My right hon. Friend well illustrates the fact that the Opposition motion is false and a posture. The intervention of the hon. Member for Ludlow (Mr. Dunne) showed that they do not understand. What would threaten retained firefighters has nothing to do with the opt-out; it is the fact that they are on call, that their on-call time would be counted and that they would therefore have no time in which to do their jobs. We need negotiations with the European Parliament about the opt-out, to get the changes to the rulings. It is the rulings, not the principle of the opt-out, that are blocking common sense.

**Alan Johnson:** My hon. Friend is completely right, as so often, in saying that Conservative Members just do not understand the issue.

**Sir Robert Smith:** According to my conversations with fire brigade members, the hon. Member for Linlithgow and East Falkirk (Michael Connarty) is wrong in that they work full time in other jobs. They are retained firefighters who turn out at the call of a pager to save people's lives. According to their argument, it is the opt-out to the working time directive that they need to keep, not Jaeger and SiMAP. I am afraid that the hon. Gentleman was wrong on that.

**Alan Johnson:** My hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty) was right because in negotiations people put all kinds of things together. *[Interruption.]* "Ah," says the Conservative party. The first basis of trying to negotiate a deal is that other people bring to the table the changes that they want. SiMAP and Jaeger are inextricably linked to the issue; that is why it is surprising that Liberal Democrat MEPs voted against the opt-out.

The directive initially excluded junior doctors, along with those working in the air, on rail, on the roads and at sea, because of particular difficulties associated with those professions. Such difficulties included the need for increased resources, or, in the case of HGV drivers, the need for even more rigorous regulation of working hours than the directive provided for. An amendment made in 2000 applied the directive to junior doctors and all other sectors that had previously been exempt, but introduced special, transitional measures by which junior doctors' hours could be gradually reduced to 48. It also allowed countries to apply further derogations to ease transition where necessary.

In August 2004, the maximum working week for junior doctors was reduced from an average of 72 hours to 58 hours. In 2007, it came down to 56 hours. By August this year, it will come down to 48 hours for the vast majority of junior doctors.

**Dr. Andrew Murrison** (Westbury) (Con) *rose—*

**Alan Johnson:** Sorry—I did not realise that there was a doctor in the House.

**Dr. Murrison:** Is the Secretary of State aware of the report published recently by the Royal College of Physicians? It suggests that the move towards compliance with the new working week has resulted in a reduction of quality not only in clinical care but in the training of junior doctors. Does he agree? If he does, what is he going to do about it?

**Alan Johnson:** I reject it completely, for reasons that I shall come to in a second.

The Government supported the amendment to the directive and its gradual implementation, not least because there is irrefutable evidence that tired doctors present a risk to patient safety. The Government never want a return to a situation that many established doctors will remember only too well. It was common for trainees to work through the weekend until Monday evening, with no provision for any breaks—a continuous shift of 90 hours. They would then return to work on Tuesday morning for another shift of at least 36 hours.

**Dr. Stoate:** I should point out that there is another doctor in the House. On a serious point, I was one of the doctors who had to work many more hours than is currently legal. Is the Secretary of State aware of a report by Warwick and Harvard universities that showed that doctors who worked 56 hours made 30 per cent. more mistakes than those working 48 hours? Even relatively few extra hours significantly increases the risk of making an error.

**Alan Johnson:** Not only am I aware of that research, but I intend to quote it chapter and verse later.

In acute disciplines, a working week of over 100 hours was the norm, with most of that time spent directly caring for and even operating on patients, with often the most critically ill patients being initially seen by the least trained staff. That is why it is even more important that there are sensible limits to the number of hours staff work to break that culture once and for all and to ensure that no medical professional is required or expected to work dangerously long hours again. For this reason and many others, the British Medical Association is supporting the full implementation of the directive for all junior doctors.

There is no question but that it has been challenging to work towards full compliance. The NHS has over 46,000 doctors in training at any one time. Incidentally, there is no vacancy problem, as the hon. Member for South Cambridgeshire (Mr. Lansley) suggested. On the last set of figures, we had a 95 per cent. fill rate; there is absolutely no vacancy problem anywhere in the country that I know of. This is a service that by its very nature has to operate for 24 hours a day, seven days a week. Trainee doctors need to train and work in as many medical disciplines as possible to become good doctors. Hospitals have had to make dramatic changes to how staff work. So, yes, it has been difficult, but it is simply not true to say that the NHS is ill prepared to achieve full compliance by August this year. We have provided substantial financial support to the NHS to help it to meet the requirements of the directive—£110 million in the current financial year, rising to £310 million for the year to come.

We are working closely with the royal colleges, including the Royal College of Surgeons, and with the BMA and all strategic health authorities, to ensure that we have as accurate a picture as possible of how well prepared trusts are for full implementation. At present, two thirds of junior doctors are working no more than 48 hours per week, and many trusts, including almost all those in the north-west, are already fully compliant with the directive. In December, we agreed a quality assurance process with the SHAs and the royal colleges to examine potential difficulties and ensure that there are action plans to secure full compliance. The first quality assurance return was received at the end of January, the next is due towards the end of this month, and they will then be received monthly until August. The content is routinely shared with the Academy of Medical Royal Colleges and the National Reference Group, on which the Royal College of Surgeons, the Royal College of Anaesthetists, the Royal College of Paediatrics and Child Health, the Royal College of Obstetricians and Gynaecologists, the Royal College of Physicians, the BMA and the SHAs are all represented. There is a rigorous process to ensure that this is being implemented successfully.

There are, of course, still some areas that are struggling: in specialisms such as surgery and 24-hour immediate patient care; or in more isolated, rural parts of the country where there is a shortage of trainee doctors. We have therefore notified the European Commission of our intention to derogate for these areas. It needs to be made clear that the derogation does not mean opting out of the directive: it will mean a maximum working week, for certain disciplines, of 52 hours; and within three years, full compliance with the directive must be achieved.

**Norman Lamb:** The Secretary of State said that the individual opt-out could not be used for junior doctors, as has been proposed by RemedyUK. What did he mean by that? It seems to me that as long as the individual opt-out applies, it is as applicable to the health service as it is to anywhere else.

**Alan Johnson:** Yes, the individual opt-out does apply. The mistake is in thinking that there is an ability to get a sectoral opt-out for a complete sector of the working population. I will come to that in a moment.

The Royal College of Surgeons recently argued that there should be a sector-wide opt out for trainee surgeons, who should be granted the right to work a maximum week of 65 to 70 hours—a position that the hon. Member for South Cambridgeshire has said the Opposition disagree with. I met John Black, the president of the RCS, and his colleagues, a few weeks ago to explain that I could not accept their demands even if I agreed with them, which I do not. My reasons are threefold.

First, even if a sector-wide opt-out from the maximum 48-hour working week were desirable, it is not possible under the terms of the directive. The only opt-out allowed by the directive is not sectoral but individual. Even if a sectoral opt-out were possible, it would not be practical to consider surgical care or any one discipline separate from other specialisms. However, the right to the individual opt-out is not automatic under the directive. The directive does not directly entitle anyone to opt out. It gives EU member states the option to legislate that individuals can opt out—a course that we have followed in the United Kingdom—or to deal with the issue via collective agreements in order to enshrine the same individual rights. In Germany, for instance—this has been cited by the RCS—unions and industry representatives

have collective agreements to use the opt-out in specific professions, including doctors, enabling those covered by the agreement to work 54 to 60 hours a week—but within those agreements staff are still required to make an individual decision to opt out.

The RCS has claimed that there are sectoral exemptions for employees working in the armed forces, the fire service and the police. That is incorrect. The police and the armed forces are exempt only in times of national emergency.

**Mr. Lansley:** Will the Secretary of State consider the proposal—it came from RemedyUK but moves in the direction that the RCS is looking for—to have, in effect, a collective agreement to allow junior doctors individually to opt for a 56-hour working week?

**Alan Johnson:** The hon. Gentleman misunderstands. Getting a sectoral agreement that allows individuals to opt out would put us in exactly the same position as we are now. We took the legislation route; the Germans, because of their history—they do not even have a national minimum wage, but use collective agreements—took the collective agreement route. The result is exactly the same. Any individual, including junior doctors, has the right to opt out enshrined in the legislation.

**Mr. Lansley:** Let us cut to the chase. At the moment, the NHS, under the instructions sent by the NHS chief executive to the trusts, does not offer to retain 56 hours. It goes to 48 hours and that is it—an absolute commitment, in the words of the chief executive, presumably at the Secretary of State's behest. Will the Secretary of State therefore say that that is no longer the Government's policy for the NHS, and that the NHS is in fact willing to discuss with the BMA, the royal colleges and the associations the implementation of 56 hours based on individual opt-out?

**Alan Johnson:** There are three reasons I disagree with the RCS. The first is the fact that this cannot be done under the agreement; I will explain later why it should not be done even if it could be. In any case, in the situation that the hon. Gentleman raises, the individual opt-out will be available, but individual workers cannot be coerced into taking it up. It would be wrong for the chief executive of the NHS, or any other organisation, to write to people saying that the 56-hour week is still available. If an individual wants to opt out, anyone can choose to do so under the directive.

**Dr. Stoate:** Does my right hon. Friend share the worry that if individuals could opt out, it would be case of saying, "Sign this or whistle for your reference"?

**Alan Johnson:** My hon. Friend makes a really important point. There were serious allegations that that was happening in the early days of the working time directive, but it has not happened since.

I was talking about the emergency services. Normal emergency service activities that can be planned in advance would not allow for the opt-out; it is only there for emergency services when there is a national emergency.

The second reason I cannot accept the Royal College of Surgeons' recent demands, or indeed the policy proposed by the hon. Member for South Cambridgeshire, is that I reject the argument that reducing the hours worked by junior doctors will reduce the quality of their training. There is no evidence that with the gradual reduction in junior doctors' hours over the past 10 years, training is any less effective. The number of junior doctors who fail their training has remained static. We have gone from 72 hours down to 58 hours and on to 56 hours, with the same Jeremiahs saying that that would prejudice proper training, but there is not a single smidgeon of evidence that that is the case. The number of junior doctors who fail their training has remained static. No junior doctor who fails to demonstrate the competencies required is allowed to progress, and we still have one of the most intensive training regimes for junior doctors in Europe.

Having trainee surgeons working longer hours and spending regular periods as a resident on call at night does not afford more opportunities for training, or necessarily mean better training. Very little training takes place in the dead of night, when only very urgent surgery is carried out. Surgery is a technical skill and the way in which surgeons train is evolving. Developments in new technology such as virtual reality surgical simulators mean that there is increasingly and thankfully less need for inexperienced trainee surgeons to practise their skills directly on patients.

**Norman Lamb:** Will the hon. Gentleman give way?

**Alan Johnson:** No, I am not giving way. In some parts of the country where the directive has already been implemented, teams of trainee surgeons work on a shift system with senior trainees on call to deal with surgical emergencies. Others have split elective and surgical work so trainees get to experience both.

My third and final reason for rejecting the call by the Royal College of Surgeons is that I completely reject the claim that a reduction in the working week of trainee surgeons will jeopardise the safety of patients. Those who make this argument—including the Opposition in their motion—claim that to have shorter working hours reduces cover in hospitals. But hospitals are addressing that by organising trainee teams and rotas differently, and it is beyond doubt that doctors who are required to work long hours are more likely to make mistakes that could threaten the lives of patients. As long ago as 1998, my noble Friend the eminent surgeon, Lord Darzi, published a paper in *The Lancet* on the effect of sleep deprivation on surgical trainees, which showed that being deprived of sleep for 24 hours had the same impact on surgeons' performance as a blood alcohol level higher than the legal limit for driving.

Most recently, a study by Warwick university medical school—referred to by my hon. Friend the Member for Dartford (Dr. Stoate)—on trainees working in Coventry and Warwickshire university hospitals compared the number of errors made by junior doctors working no more than 48 hours with those working no more than 56 hours, and it showed that those working fewer hours made 30 per cent. fewer clinical errors. In the US, where junior doctors work around 80 hours a week, 50 per cent. admit that they have made errors because of fatigue. That reflects the study published in the *British Medical Journal* in 2001, which showed that surgical trainees were much more likely to make mistakes during the daytime after being on call at night. To complete the

*[Alan Johnson]*

process, a study by the Harvard work hours, health and safety group published in *The Joint Commission Journal on Quality and Patient Safety* shows that junior doctors who have worked traditional shifts of more than 24 hours have a greatly increased risk of crashing their car driving home from work, as well as of making a serious, even fatal, medical error.

Over the past 10 years, the NHS has put considerable effort into preparing for full implementation of the European working time directive. It is worth pointing out—this would have been my fourth reason if I had thought of it earlier—that longer hours particularly disadvantage women. Some 60 per cent. of medical students are women. All the professional bodies agreed with the objective when this agreement was signed in 1999-2000. I have no idea why the Conservative party wants to be the champion of long hours and staff exploitation. I hope that the House leaves its arguments where they belong: in the last century. I commend the amendment to the House.

8.14 pm

**Norman Lamb** (North Norfolk) (LD): I welcome the debate. It comes at a timely point in the build-up to the change in August and it is important because of the massive potential problems that are emerging. I am conscious of an extraordinary gap between what the Secretary of State says about the potential risks involved in the changes and what the professionals working in the service have said, loud and clear. The Secretary of State ought to listen a bit more carefully to the royal colleges, because their analysis of the risks we face as a result of the changes is different to his. He ought to listen to the people working in hospitals, who have experience of the way in which the reduction in hours impacts on patient care.

**Mark Hunter** (Cheadle) (LD): My hon. Friend rightly draws attention to the comments of the president of the Royal College of Surgeons, John Black, of which the Secretary of State has been rather dismissive. Does my hon. Friend agree that for the president of the Royal College of Surgeons to have used language such as "an impending disaster" and to say that these moves would "devastate" medical training and lead to

"dangerous lapses in patient care",

means that he was making serious criticisms of the proposals, which ought not to be dismissed quite so lightly by the Secretary of State?

**Norman Lamb:** I am grateful for that intervention, and I agree with my hon. Friend's comments. Part of the problem in the relationship between the Government and the professions is that the views of the professions are so often dismissed in that way.

**Dr. Stoate:** The hon. Gentleman is very generous with his time. I would like to quote the British Medical Association:

"The BMA is strongly supportive of the August deadline. Although the 11-year transitional phase for trainees was crucial in ensuring health service delivery was not put at risk unduly, we consider it is now time that junior doctors receive the same level of protection of their health and safety as all other workers in the UK."

The BMA is in favour of the 48-hour week.

**Norman Lamb:** Interestingly, when the BMA surveyed its members, they disagreed with the BMA. If we follow the hon. Gentleman's analysis, we reach the assumption that he is dangerous when providing medical care because, presumably, he is working substantially more than 48 hours in combining this job with that job. He ought to give up his second job on the basis of his analysis of the risks of excessive working hours. There is a great hypocrisy in this place and elsewhere—all of us, by and large, work substantially more than 48 hours a week.

**Angus Robertson:** On hypocrisy, will the hon. Gentleman allow me?

**Norman Lamb:** I will give way, because the man is an expert in it. [HON. MEMBERS: "Oh!"]

**Mr. Deputy Speaker (Sir Michael Lord):** Order. Before the hon. Gentleman intervenes, I should say that "hypocrisy" is not a word we like to bandy about in the Chamber.

**Angus Robertson:** I am grateful to the spokesman for the Liberal Democrats for taking an intervention on this point, because he will be able to clarify the concerns echoed by those of all other parties who have spoken this evening. Why is it, when we have all shared concerns about retained firefighters and the problems that getting rid of the opt-out would cause, that the only Liberal Democrat Member of the European Parliament from Scotland voted to get rid of the opt-out? Please could the hon. Gentleman take this opportunity to explain why. Did his colleague disagree with the policy or did she just press the wrong button?

**Norman Lamb:** The hon. Gentleman appears to be stuck in a groove—he has repeated himself rather a lot on that point. There are always occasions when people do not vote with their party. I suspect that he will even find that in his Stalinist party in Scotland.

**Alan Johnson** *rose—*

**Norman Lamb:** The Secretary of State had enough problems with his own MEPs, and I am sure that he will enlighten us as to why so many Labour MEPs voted to end the opt-out, contrary to his Government's wishes.

**Alan Johnson:** I was going back to much less contentious territory, thank you very much. I gave three reasons why I was against the proposal of the Royal College of Surgeons that we should seek a sectoral derogation for a 65 to 70-hour week. I also said that we are working with all the royal colleges and listening to them intently. Is the hon. Gentleman now saying that it is Liberal Democrat policy to support the Royal College of Surgeons in its efforts to get a 65 to 70-hour sectoral opt-out?

**Norman Lamb:** No, I am not saying that. The point that I made earlier, which the Secretary of State might not have heard clearly enough, is that he appeared to dismiss the concerns that have been expressed by the Royal College of Surgeons and the Royal College of Physicians about the risks to patient care. He shakes his head in a rather dismissive way. Will he listen to those concerns? We all want him to acknowledge that he should do that. Does he wish to intervene to confirm that he will?

**Alan Johnson:** *Hansard* will record that I said on numerous occasions in my speech that there are genuine concerns about this issue, that it is not easy, that it has been difficult for 10 years and that we talk to the royal colleges, the BMA and everyone else day in and day out. We are talking to them on a monthly—in fact almost weekly—basis. We must consider whether this country is somehow uniquely unable to train doctors without their working 65 to 70 hours a week. I say that that is absolutely not the case.

**Norman Lamb:** We are certainly not arguing that either. Our concern is about the change in August this year from 56 hours to 48. Many, including the Conservative party and the Liberal Democrats, have concerns about that and about the potential risk of the opt-out ending if the Council of Ministers were to vote in that way. I fully acknowledge that the Government are seeking to protect the opt-out, and we agree with them about that.

**Mr. Alistair Carmichael** (Orkney and Shetland) (LD): My hon. Friend is being very generous with his time. I hope that he will join me in welcoming the hon. Member for Moray (Angus Robertson) to the debate. Neither he nor any of his Scottish National party colleagues have been able to be with us on previous occasions when we have discussed the working time directive. I hope that my hon. Friend will not make the obvious point that when the vote was held in the European Parliament, all the other members of the group of which the SNP members are part—I believe that it is called the green and radical group—voted in the other direction. That is not a helpful way to proceed. We need proper unity, particularly in relation to the case for retained firefighters in Scotland.

**Norman Lamb:** I am grateful for that helpful intervention, and I am just frustrated that I am not allowed to use the word "hypocrisy" to comment further. The Liberal Democrats' group in the European Parliament has been at the forefront in working with the Government to protect the opt-out, as the Secretary of State will know.

The irony of all this is that although the working time directive is defined as a health and safety measure, there is a risk that the imposition of a 48-hour week will put patient safety at risk. That is what we are all concerned about. I should declare an interest: I worked as an employment lawyer before I arrived in this place, and I worked with the Secretary of State on an employment Bill some years ago, which brings back happy memories. I might even declare that I know something about the subject, which is always dangerous in this place.

The first principle that we should apply is that excessive working hours are not good. We should all accept that, and I am sure that even the hon. Member for Dartford (Dr. Stoate), who clearly works excessive hours, would accept that we should work to reduce them. Exploitation of staff is unacceptable, and whenever evidence emerges that staff are under pressure to opt out, firm action should be taken against the employer concerned.

**Sandra Gidley** (Romsey) (LD): Does my hon. Friend share my concern that although that has been a known concern for some years, work force planning in the NHS seems totally inadequate to deal with the problem? It has not come upon us overnight. The Government have had eight, nine or 10 years to prepare, and still the medical profession does not seem ready. We were talking about this in 2001.

**Norman Lamb:** I agree, and all the evidence that we get from the royal colleges, contrary to what the Secretary of State says, is that the NHS is not ready and that there are real problems ahead.

There is a case for establishing limits on working time and norms that should apply generally across the work force. In fact, the last Conservative Government acknowledged that with the introduction of the new deal in 1991. They then failed to implement it, and it was only really implemented from about 2000, when financial incentives were applied to NHS employers. In principle, however, the Conservatives accepted the case for limiting doctors' working hours.

However, it must surely be a fundamental right to opt out of a limit on working hours and to choose for oneself, not due to pressures from others, to work longer than the limit. I think that we can all agree on that, although of course it should be subject to limitations such as the 56-hour limit in the health service. People must surely have that right. As I have said, we all do it.

The importance of retaining the opt-out goes well beyond the NHS. Particularly in tough times, the business community regards it as very important. My hon. Friend the Member for Orkney and Shetland (Mr. Carmichael)—

**Mr. Carmichael:** You have my complete and undivided attention.

**Norman Lamb:** I am grateful for it. My hon. Friend secured an Adjournment debate on the subject of retained firefighters, who are important in his constituency and in my rural constituency, the whole of which depends on the work of those fine individuals who give their spare time to protect their community. It is absolutely essential that their capacity to provide that service and that contribution to their community is retained. That is why the retention of the opt-out is so important.

**Mr. Alan Reid** (Argyll and Bute) (LD): My hon. Friend is quite right about those individuals giving time to their community. Does he agree that it is ridiculous that, under the European Parliament's proposals, if people got together and voluntarily operated a fire engine without pay they would not be covered by the directive, but because they are professionally trained and get a small wage they will be covered? In fact, the proposals would simply mean that we would not have paid, professional fire cover throughout large parts of the country.

**Norman Lamb:** That is a very good point, and it demonstrates that overly prescriptive regulations imposed from Brussels can have unintended and rather ludicrous consequences. That is why it is important to retain the opt-out, so that that professional service can be retained.

**Michael Connarty:** Apart from mentioning the Liberal Democrat Member of the European Parliament who voted against the interests that the hon. Member for Argyll and Bute (Mr. Reid) has set out, may we return to a point made by the hon. Member for North Norfolk (Norman Lamb)? He said that the Royal College of Surgeons should be listened to and that it had a point. However, what it called for was a limit of 65 to 70 hours, whereas he seems to support a 56-hour limit. Is he willing to oppose the conclusions of the Royal College of Surgeons? It said that there was an "impending

*[Michael Connarty]*

disaster"—I believe that he quoted those words—if the limit was not 65 to 70 hours. Will he now contradict that and say that it is not the case?

**Norman Lamb:** I do not support the case made by the Royal College of Surgeons for working 65 hours. Throughout my speech I have argued that the Government should listen to its concerns about the impact on the service if the limit were reduced to 48 hours. That is the important point. One can then have a discussion with it about how best to resolve the matter. It does not mean that one has to accept its proposition as the only solution to the problem.

Let me consider the scale of the potential impact, which is frightening. Approximately 30,000 junior doctors in training will be hit by the 1 August change. That means 30,000 working days lost per week from the NHS through the reduction from 56 to 48 hours a week. If we take an average trust with 200 junior doctors, that means 200 working days or 1,600 hours of medical cover or 28 whole doctor equivalents lost in an average week. Losing 28 doctors out of 200—14 per cent. of junior medical staff—could have a massive impact on the NHS and the care that it provides. The effect is made more acute by the SiMAP and Jaeger judgments, which deal with on-call time.

What will the result be? All those in the profession who have considered the matter express genuine concern about the impact on patient care and continuity of care. They talk of the danger of multiple handovers. Contrary to what the Secretary of State said, clear evidence shows that loss of continuity of care is a key cause of avoidable medical errors. That is why the royal colleges' concerns should be taken more seriously.

Hospital trusts that have managed to comply with the 48-hour ruling have often done so through using locums, often from outside the hospital. That causes concern because, as the Royal College of Physicians highlighted, now that the Government have acted to reduce massively the number of international medical graduates who work in the health service, it is hard to find enough locums. The survey that the Royal College of Physicians conducted raises concerns about the quality of locums who are brought in to complete shift patterns because of the reduction in working hours. It identified lower quality and reliability. All that is apart from the cost of bringing in locums, which RemedyUK suggests could be as much as £120,000 in one hospital.

There is also the problem of the thinness of the available cover if any problems arise, such as sickness or holiday absence. The Royal College of Surgeons has highlighted the risk of running out of surgeons in some parts of the country to fill gaps in the rotas. The Government should take those anxieties seriously.

We must also consider the impact on training. Almost 50 per cent. of junior doctors in the first two years of surgical training go into theatre less than three times a week. One in 15 do not go into theatre at all. If those junior doctors' hours are reduced, their experience in theatre will be further reduced. They may pass their exams and have the tick-box competencies required to qualify, but that does not mean that we produce the best and most experienced surgeons. The royal colleges are concerned about that.

There is a danger that patient care will suffer if training suffers. We are considering a health and safety measure, yet the impact on patient safety could be negative. That is why not only the royal colleges but doctors, including junior doctors, who would supposedly benefit from the measure, oppose the 1 August changes. A majority of the doctors who are supposed to benefit do not want the imposition of that 48-hour limit. They are concerned about the resulting loss of opportunities.

There is also a serious concern about the impact on the viability of small and medium-sized district general hospitals. The president of the Royal College of Surgeons has expressed that anxiety directly to me. If we reach a point where it becomes unsafe to keep a small district general hospital open because there is insufficient cover, the Government will be responsible if they have not managed to resolve the problems. Rural areas will be most affected; the massive hospitals in our cities will be less affected. The viability of small hospitals faces a genuine challenge as a result of the changes.

Can the changes be achieved? The evidence from the surveys and the royal colleges suggests that they cannot. The Secretary of State said that the north-west was already largely compliant, but the surveys suggest that, if one examines the detail, hours are substantially under-reported and many of the hospitals that are supposedly compliant are not, in practice.

What are the solutions? The Royal College of Surgeons complaint suggests the possibility of a sectoral opt-out, to permit surgeons to work to a maximum of 65 hours. There is general opposition to that. We have heard that the Government are putting money into facilitating hospitals in coping with the change, yet there is also concern that the money is not getting through to hospitals to help them effect that change. I would be grateful if the Minister could confirm in his closing remarks whether the money that the Government have made available is getting through to the hospitals where it is needed.

The Government rely on the power of derogation, which in effect means that we can delay the inevitable for two years, reducing working hours in the interim period from 56 to 52 hours, before coming down to 48 hours in two years. However, the process is cumbersome and bureaucratic. The Department of Health has applied for a derogation, but we understand that individual hospitals will have to apply to the Department for the right to take advantage of that derogation if it is granted. We will have to wait until May before we know whether the derogation will be granted, which makes it impossible for hospitals to plan their rotas into the future. They will not know until May whether the European Union will grant the derogation. Derogation is therefore a blunt instrument and will simply delay the inevitable, without addressing concerns about the loss of continuity of care and the impact on training. Patient care will be permanently comprised.

The Government maintain that we should retain the individual opt-out and we support them on that. However, the individual opt-out is generally regarded as not an option for resolving the problem that we are discussing, because if the general rotas go down to 48 hours, how, in an organisational way, is it possible to provide for junior doctors working up to 56 hours? The process becomes a bureaucratic nightmare, and everyone ends up having to comply with the 48 hours.

As the Conservative spokesman mentioned, a company—it is called RotaGeek—has developed software that facilitates a discussion between management and individual junior doctors to organise their shift patterns and add extra slots, so that they can go up to 56 hours. That seems to be an eminently sensible way of getting the Government out of a hole and facilitating longer working hours for those junior doctors who collaboratively choose to participate in a 56-hour rota. However, when RotaGeek went to the Department and said, "We want to work with you and pilot this in a hospital to see how it will work," it was turned away. The Department was not interested in that sort of collaborative working.

**Dr. Stoate:** Can the hon. Gentleman not see how divisive it would be if a manager said to a junior doctor, "I want you to 'voluntarily' opt out and go to the 56 hours, but if you don't, it won't in any way affect your career"? How is a young person supposed to accept that? What complete nonsense it would be to have a two-tier system, of those who are prepared to opt out and so sign a bit of paper, and those who are more concerned about health and safety and therefore are not prepared to sign it. How can they have a level playing field for the future?

**Norman Lamb:** I continue to fail to understand why the hon. Gentleman wants to impose rules on others that do not apply to himself. *[Interruption.]* He expresses amazement, but that is a fundamental point. Why should he be able to—

**Dr. Stoate:** I am not an employee: that is the difference.

**Norman Lamb:** The same rules should surely apply to an employee who chooses, of their own volition. The hon. Gentleman assumes that every manager in the NHS is an oppressive manager who will make life impossible for their employees. However, the survey evidence shows that junior doctors want the right to be able to work more than 48 hours.

**Dr. Stoate** *indicated dissent.*

**Norman Lamb:** The hon. Gentleman shakes his head, but a majority of junior doctors in the surveys want to do that. Why is he preventing them from doing so? That is the crazy thing.

**Michael Connarty:** The hon. Gentleman should be clear, because if he is arguing for a sectoral opt-out, he is arguing for a compulsory 56 hours. He seems now to be arguing against an individual opt-out, but he was previously arguing for a sectoral opt-out.

**Norman Lamb** *rose—*

**Mr. Deputy Speaker:** Order. Before the hon. Gentleman responds, let me say that we have not yet had a Back-Bench speech in this debate, and time is disappearing rapidly. Perhaps all hon. Members will bear that in mind.

**Norman Lamb:** Thank you, Mr. Deputy Speaker.

Just to clarify this point, I support the individual opt-out. I want the Department of Health to work with those who are developing software to facilitate a discussion between management and individual employees, to enable those who want to work more than 48 hours to do so—in contrast with the wishes of Labour Members, who seem to want to prevent people from doing what should be their right.

We have a process that could infringe an individual's freedom to work beyond 48 hours if they want to, and that is threatening patient care here and now, as well as in the future because of the impact that it will have on training. The Government need to sort this out, because the consequences of not doing so could be disastrous.

**Several hon. Members** *rose—*

**Mr. Deputy Speaker:** Order. Before I call the next hon. Member, may I tell the House that I have decided to reduce the time limit on Back-Bench speeches to eight minutes?

8.40 pm

**Mr. Kevin Barron** (Rother Valley) (Lab): Thank you, Mr. Deputy Speaker. Eight minutes is only just over half the time that was displayed on the Annunciator earlier today. I have prepared my speech during the past three hours, but I am not sure whether I would have come in to the debate on the basis of being able to speak for eight minutes, rather than 15. However, I shall move on.

I support the Government's position in many areas of this debate, especially in relation to the working time directive and the health and safety benefits that it brings to workers not only in this country but in other European countries. It is primarily about health and safety. Indeed, this country's health and safety statistics show that we do rather well—even with the opt-out. The UK has the lowest rate of work-related fatal injuries, and the third lowest rate of non-fatal injuries. The UK also has the lowest proportion of those in employment reporting that their work affects their health or that it causes them to suffer from stress.

I am pleased that the Government are committed to helping people to achieve more choice over how they work. I support the work-life balance campaign, for example. Of course, that includes the choice to work more hours as well as fewer. Many millions of people work far fewer hours than they did 15 or 20 years ago, which is a good thing, but I also believe that the individual opt-out is important.

I received an e-mail from a constituent of mine on 6 March, although it was unrelated to this debate. Mr. Bunting, who lives in the village of Whiston, said:

"Should our government agree to adopt this decision"—

the decision of the European Parliament—

"this will mean that I will no longer be able to choose to work over an average of 48 hours per week should I wish to do so."

He lives in South Yorkshire, but I have just checked the name of the company that he works for, and it is in Tipton in Staffordshire. The world is becoming a smaller and smaller place, and people travel a long way for their work. He might not be in Tipton every day—he is a sales engineer—but it is likely that the kind of flexibility offered to him on a personal basis is what keeps him in the job that he wants and that, presumably, keeps his family well.

It is beyond doubt that doctors who are required to work long hours are more likely to make mistakes, which could threaten the lives of patients. We need to

*[Mr. Kevin Barron]*

bear that in mind in this debate. My hon. Friend the Member for Dartford (Dr. Stoate) and the Secretary of State mentioned the recent studies by Warwick university and Harvard, which compared the number of errors made by doctors working no more than 48 hours with those made by doctors working no more than 56 hours, and showed that those working fewer hours made 30 per cent. fewer clinical errors. If you or I were party to a clinical error, that would be an important factor. We need to look carefully at the comparisons, particularly those involving surgery. A wealth of research makes it clear that long hours worked by doctors are bad for patient health.

Since 1998, when the directive was introduced, the NHS has made good progress. In 1998, the 48-hour maximum working week was introduced for the vast majority of staff, including consultants and nurses, although they of course retained their right to opt out if that was their individual choice. It is only for junior doctors that we have yet to implement the directive fully, but if we look at the NHS health care work force website, we can see that we have come a long way towards achieving that.

In August 2004, the maximum working week for junior doctors was reduced to 58 hours, in 2007 it was reduced to 56 hours, and it will come down to 48 hours in August this year for the vast majority of junior doctors—no matter what happens over the argument about whether to opt out. We have to take that into account. We are talking about specialist areas that may or may not be affected by the reduction in hours, and we should keep that very much in mind.

As my right hon. Friend the Secretary of State said, the NHS is not ill prepared to achieve virtual compliance by August this year. At present, some two thirds of junior doctors are working no more than 48 hours a week and many trusts are already fully compliant with the directive. The Government have supported the trusts in doing that. There was an argument against it from the British Medical Association—rightly so, as it is a trade union looking after its members—in December last year, questioning whether the money was getting to the front line. That is a very relevant question and if I were in the BMA's position, I would have asked it as well. I have not seen any evidence, nor have we been sent any evidence for this debate, to suggest that money has not gone to the front line to help to reduce the hours of people who cannot meet the 48-hour target.

As far as the negotiations in Europe about getting a further derogation are concerned—they start this month, I believe—I hope that they go well. Our negotiators should tell the Commission, and the Parliament, that when 15 member states are arguing for some form of opt-out, that should send a message that the Commission has got this wrong—and I think that in some areas, they have. But I would not go for a massive opt-out; in some sectors, such as long-distance lorry driving, it would be quite dangerous not to reduce the hours over time.

The Health Committee is currently carrying out an inquiry into patient safety. We took evidence on the issue from the Royal College of Surgeons. I see that I have little time left, but I want to mention one important point. I received a copy of the survey by the Royal College of Surgeons the other day, and we asked Sir John Black to give evidence to us. We are talking about a response rate of 32 per cent.; this is the Royal College of Surgeons contacting its fellows, so these are not independent surveys. I have to say that it is the same for the Royal College of Physicians. I should add that I am now an honorary fellow of the Royal College of Physicians; I was made a fellow last year, along with the hon. Member for Wyre Forest (Dr. Taylor), and I believe we are the only two in the House now. The RCP was also contacting its lead people inside each individual trust.

As I say, this is not necessarily the type of survey on which we in the House, whether we be in government or in opposition, should be taking decisions. It is not sufficiently independent. We see this in the media all the time. I am not saying that some of the issues raised may not be genuine. My right hon. Friend the Secretary of State dismissed the issue that training may be affected—but it is about the logistics of training. We also saw this in our ISTC—independent sector treatment centre—inquiry of a few years ago; training is very important. If people are not there to train, we could end up not getting the type of skilled surgeons that we need. That said, I would desist from using these types of survey to suggest that this is what is out there in the real world. This is what is out there in the surgeons' world, but things may be very different in other parts of the nation[illegible]alth service—sometimes even within the same operating [illegible]

8.48 pm

**Mr. Geoffrey Clifton-Brown** (Cotswold) (Con): I am grateful to catch your eye, Mr. Deputy Speaker, in this important debate on the European working time directive.

As has been made perfectly clear in a number of contributions, losing our opt-out from the working time directive presents a number of serious problems for the country. As the motion states, the Business Secretary is right to say that we should stand firm in support of the opt-out. It is just a pity that the Government's leadership has lost control of their MEPs who have forced us into the position where we have to debate the issue today. I ask the Business Secretary in all seriousness: what has happened to the deal brokered in June that we keep our opt-out by accepting the temporary agency workers directive? What on earth has happened to that deal?

There are some 96 fire stations in this country that are staffed by full-time firefighters, and retained firefighters are a vital part of our nation's fire protection. Indeed, as I witnessed during the summer floods of 2007, the work of firefighters in providing emergency relief to those so badly affected was vital. They are going to face great difficulties if this opt-out is abolished.

The British people have complained for many years about the nanny state. Now we are seeing the damage caused by the super-nanny state emerging from Europe. I sincerely ask the Minister for Employment Relations and Postal Affairs what the point is of the EU's Small Business Act, which is intended to improve the environment for Europe's small businesses, when we see this directive filtering through. A number of eminent people have criticised the possible loss of the opt-out, and the CBI deputy director general, John Cridland, has described it as replacing "opportunity with obstruction". The cost to the UK economy is judged to be between £47 billion and £66 billion by 2020—a terrific sum. A former

director general of the CBI—Lord Jones of Birmingham, no less, who is a former Labour Minister—noted in 2006:

"The choice is simple: flexibility or stagnation. Faced with the meteoric rise of China and India, Europe has to decide between a responsive and flexible labour market or an oversupplied and restrictive one."

That is the kernel of the argument.

A chief executive from a senior FTSE 100 company told me recently that the EU will lose 20 per cent. of its share of world trade in the next 10 years if it continues down the regulatory path that it is on. When we face a record and huge balance of payments deficit, it seems crazy to heap more regulation on more regulation. An agreement to lose our opt out would be an acceptance of that decline. What will that do to the standard of living of our people?

Unfortunately, unemployment in the UK stands at 1.97 million, with the claimant count in January 2009 up 438,000 on the previous year. At the time of a huge spike in unemployment, the Government and the EU are considering abolishing our opt-out. If a man or a woman loses their job, is it not their right that their partner has the opportunity to work overtime as necessary to support them and their family? For those in the manual labour sector or unskilled workers on the minimum wage, the ability to work overtime often affords a reasonable standard of living. For those who remain in employment, it must remain their right to choose how they support themselves and their families.

What of the nation's businesses? In Britain, we have the work force and the businesses—in particular, the small and medium-sized enterprises—that will be the engine room in pulling us out of this recession. A rigidly enforced 48-hour weekly limit will damage those firms that choose to employ a core of staff whose flexibility allows them to be responsive to fluctuations in their work.

The Minister for Employment Relations and Postal Affairs made a really important remark in a Westminster Hall Adjournment debate on 11 February:

"Some 3 million workers in the UK regularly work more than 48 hours a week, and we do not have a worse health and safety record than other countries."

So, if we do not have a worse health and safety record than other countries, why on earth are we considering abolishing the opt-out? He continued, even more importantly:

"In fact, the UK has the lowest rate of work-related fatal injuries and the third-lowest rate of non-fatal injuries, according to recent surveys of EU member states."—[*Official Report*, 11 February 2009; Vol. 487, c. 432WH.]

What on earth is the health and safety problem that we face, which demands that we abolish the opt-out?

The burden of regulation on business is already too high and through losing the opt-out our capacity to outperform our European neighbours will be weakened. Indeed, I would have thought that the EU wanted inter-state competition, rather than wanting to eliminate it. To have to consider complete reform of the structure of employment is the last thing that British businesses need right now, in the middle of the deepest recession in living memory. In this country, 98 per cent. of businesses employ fewer than 20 employees. Unless the Government manage to secure an opt-out for those businesses, they will face huge challenges in implementing the directive, and no doubt an army of Government inspectors enforcing the rules, taking up even more time. No doubt the British public will make their feelings known in the European and general elections.

We need to ensure that the working time opt-out is applied fairly by all and that people are not coerced into signing it. A number of measures have been set down to prevent that. It is also right that we continue to consider ways in which efficiency can be improved in the workplace and address the issues of work-life balance and the long-hours culture. Ultimately, however, legislation that affects our country should be introduced to stop abuse and to protect the health and well-being of all citizens, not to tie the hands of businesses and restrict an individual's freedom of choice.

Already, since 1997, the Government have introduced at least 18 Acts covering employment matters, along with a staggering 280 statutory instruments relating to employment law. Instead of more red tape, why are we not seeing more positive support for businesses from the Government?

In 2004, the European Union Committee of the House of Lords recommended—this is really important, and I urge the Minister to take account of it—that

"organisations employing fewer than 20 employees might be exempted from the requirements of the Directive so long as their employees themselves have the right to opt-in to a maximum 48 hour working week if they wish to do so."

We know that this decision is now the subject of conciliation procedures undertaken in Europe in an attempt to broker a deal. I expect that it will go back and forth and then end up with the Commission, where I hope it will stay at least until we have a new Commission. Can the Minister confirm that the Government will at least fight for an opt-out for small businesses in Europe?

Let me end by reminding the Minister that we are in the middle of a recession. What businesses and their workers in this country need is flexibility to enable them to survive the recession, to thrive, and to play their vital part in helping our country to recover from its present situation.

8.56 pm

**Dr. Howard Stoate** (Dartford) (Lab): This is an important debate and I think it is good that we are airing our personal views, but let me begin by correcting the hon. Member for North Norfolk (Norman Lamb), who seemed to think that I wanted to impose my will on other people. That is not the case. I am not against the opt-out; what I am against is the possibility that it could be used as a measure of coercion rather than autonomy.

I am all in favour of workers' autonomy. I am worried, however, about what would happen if a hospital manager said, "The hospital is in trouble, chaps: you had better sign this piece of paper and agree, voluntarily, to a 56-hour week, or we shall all have problems and your future may be jeopardised." In my view, that would be crossing the line. I want to ensure that we do not have a two-tier system whereby a form of pressure could be put on a young doctor early in his or her training to toe the line or face the consequences. If the hon. Member for North Norfolk wishes to intervene, I shall be happy to allow him to do so.

**Norman Lamb:** The hon. Gentleman said earlier that long working hours were potentially dangerous for clinicians. As I said to him then, his working hours are very substantial, and I am sure he takes the view that he is entirely safe in respect of his clinical actions.

**Dr. Stoate:** I do not wish to turn this into a personal argument. I cited, initially, what had been said by the British Medical Association. The hon. Gentleman asked the Government to take careful note of the views of the professional bodies that look after doctors' interests, such as the colleges and the BMA. I merely quoted from what the BMA had sent me—a statement, which other Members will have seen, that it is happy with 48 hours and believes it is time for junior doctors' hours to fall into line with the health and safety requirements of all workers in the country, which effectively means not having the opt-out.

I have always said that, within reason, we should ensure that we look after health and safety. Members have said today that the workers should have the right to choose what they do. If a worker found that he could work faster on piece work if he removed the safety guard from his machine, would Members be happy for him to do so, because he would be paid more to look after his family? Of course not. The guards are on machines for health and safety reasons, to protect people's lives. Health and safety legislation is there to protect individual workers, and we should respect that.

Among the EU15, only Spain has a higher percentage than Britain of workers who work for more than 48 hours a week. We are already one of the countries with the longest working hours in the EU. There is considerable evidence, including evidence from the Whitehall study conducted by Michael Marmot, that the workers who experience the most pressure on their time and the least autonomy—those who have the fewest decision-making opportunities—suffer much more ill health than those with far more autonomy and far more decision-making powers. There is a 40 per cent. difference in the rate of early death between people at the bottom of the autonomy pile and those at the top.

There is no doubt that people's working conditions make a huge difference to their overall longevity and life chances. What we are seeing in this country is a picture of hard work and falling autonomy for many workers, combined with long hours and difficulties for a significant minority. In his comprehensive review of the subject, Francis Green reported a process of work intensification in the United Kingdom during the 1980s and up to the mid-1990s. The review tells a consistent story. Employees reported significant increases in effort levels and a less striking, but nevertheless important, acceleration in the pace of work. In 1997, 40 per cent. of workers were employed in a job that required them to "work very hard", compared with 32 per cent. in 1992. Furthermore, a rising percentage of employees reported that they worked under

"a great deal of tension"

all or most of the time.

Allowing people, and particularly high-earning professionals, to opt out of the directive sends out all the wrong signals. It suggests that we are not serious about creating a better balance between work and personal life in the UK. It also suggests that if people want to be successful, they will need to work long hours and sacrifice family and personal life and neglect community commitments. It entrenches pernicious social inequalities, too, which are responsible for the pronounced social gradient in health that we have in this country. It creates a gulf between "ordinary" less valuable workers who work 48 hours or less, and the elite cadre of professionals who are so valuable that they need to work more than 48 hours. The only way to dispel this unhealthy, divisive culture is to remove the opt-out—or at least to look very hard at how it works and how we are entitled to apply it.

We need to strike a difficult balance between the need for doctors to build up the necessary skills and experience and making sure that patients are properly looked after. It is beyond doubt, however, that doctors who are required to work long hours are more likely to make mistakes; we have heard evidence of that, so I do not need to rehearse the argument.

I know that other Members wish to speak, so I do not want to detain the House any longer, other than to say that this is an important issue and that we must get it right. We have to ensure that we balance the needs of training for young doctors against the needs of health and safety and the safety of patients. If we do not get that balance right, in the end the whole country, including patients, will suffer.

9.2 pm

**Mike Penning** (Hemel Hempstead) (Con): I thank my Front-Bench colleagues and my leadership—I am also grateful for the understanding of the Chair—for allowing me to speak from the Back Benches this evening on an issue that is very close to my heart and the hearts of my constituents: the future of the fire service in the United Kingdom.

The working time directive will have effects on numerous areas in our communities, but one of the most risky and dangerous is the future of the retained and voluntary fire service throughout the country. We have heard about the concerns of Scotland, but this is not a rural issue or a Scotland or Ireland issue; it is an issue for the whole country. We have, without any shadow of a doubt, the greatest fire service certainly in Europe, if not the world—and I must declare an interest, as I am a former firefighter. I was a full-time firefighter, and a member of the Fire Brigades Union, which was, and still is, quite anti retained firefighters. I understand the reason for that, even if it is somewhat lost in the 21st century; it is a feeling that retained firefighters take jobs from whole-time firefighters. I do not think that is true; we should come to an understanding, based on costs and analysis, of what is right for firefighting throughout this country.

**Angus Robertson:** The hon. Gentleman is very qualified on this matter; all Members recognise that he has a background in firefighting. What does he think firefighters will make of political parties that stand up in one Parliament and say they are concerned, and then vote a different way, as the Scottish Liberal Democrats did in the European Parliament?

**Mike Penning:** The hon. Gentleman has raised his point on several occasions. All I can say is that the electorate are not stupid, and that communities that are worried about the future of their retained firefighters

will know how MEPs voted. I am sure other parties will draw attention to the Liberal Democrats' record, as well as to how Labour MEPs voted in the European Parliament; they voted to wreck the situation in respect of retained firefighting.

Let us consider the types of firefighters we currently have. We have whole-time stations in London—I understand that it is the only fire authority in the country that does not allow part-timers on to its ground—and we also have whole-time retained and day-manning stations, where whole-time firefighters go home in the evenings but are on call. There are some stations that operate only from Monday to Friday. We also have retained firefighters and voluntary firefighters.

There was something I could not understand when I first looked at the problems facing us: why were we in this country being affected so badly compared with other EU countries? The reason is simple. We pay our firefighters well, whether they are whole-time or retained. It is not a huge amount of money, but they are paid and they get a pension. As a result, our firefighters are completely different from those in the rest of the European Union. Most other firefighters in the European Union who are not full-time are volunteers and they only get expenses—surprise, surprise, Europe looks at them in a different way when it comes to this legislation from how it sees UK firefighters. That is the simple situation. I have heard all the banter going back across the Chamber tonight as to what the reason is, but the facts are there—we trained them, we give them a pension and we look after them in the way that they deserve to be looked after.

There are areas of this country, particularly in Scotland, that have voluntary firefighters, where the community has come together to pay for the firefighters and the equipment to be there and the firefighters get expenses only when they are out on call. They will be exempt from this measure. What I cannot understand is the Fire Brigades Union's complete lack of understanding as to why it needs to join this campaign that the excellent Retained Firefighters Union has started. The measure will have an effect on the FBU's whole-time firefighters. I am talking not only about the ones who will be part-time firefighters in the evening or at weekends, or who will be on call on their pagers, but those firefighters who have more than one job.

I have to declare an interest, because when I was a full-time firefighter I had more than one job. At the time, it was illegal, within a whole-time firefighter's contract, to have more than one job, but we all did it—it was called fiddling. Most of the window cleaners in our communities are firefighters, as are most of the bricklayers, plumbers and so on. The contracts all got changed when a wonderful chap who came out of the Royal Marines became the world boxing champion. He was called Terry Marsh, and the contracts all got thrown out of the window because people quite liked a firefighter being the world boxing champion. In the end, the fact that firefighters should have the right to do more than one job was accepted.

This legislation will have a major effect when it comes in, and the FBU needs to understand the effects on its members as well as on some retained firefighters; the two unions should come together, bury any differences that they have had over the years in different disputes and stand up for the communities that all of these firefighters are looking after and representing. If they do not do so, the whole situation will be one of division. What I am sure every Member in this House wants is to have a firefighting capability in their community that is right and proper for that community, and which is safe and well trained. They also want the firefighters to be remunerated correctly for the services that they give to their community.

What would happen if this legislation were to go through? Why would it decimate so many of the retained firefighters in this country, particularly in the rural areas, but in the urban areas too? My constituency has only one whole-time fire station and two retained fire stations. When my whole-time pump appliances are detained at an incident, the retained firefighters are called out and they stand by at the whole-time station. We see the same thing happening all around the country; it is one of the reasons why even if a major fire is going on in someone's constituency, there will always be a red fire engine sitting inside their regular whole-time station. That happens because the retained firefighters come in to cover the community, and that is a crucial element to what they do.

What could happen if this legislation were to go through? I know that the FBU feels that we have to have more whole-time firefighters, but we do not have the money for that. No community in the country, especially those in the rural areas, could have regular, full-time firemen covering every single situation. Perhaps the Government will change the legislation again on response times. Recently, some fire stations in my constituency closed because the Government changed the modelling on response times from 10 to 12 minutes. The Bovingdon fire station, which is next to my constituency and was responsible for the second appliance that got to the Buncefield fire in my constituency, was one station that was closed. I am sure all hon. Members recall that fire, which was the largest that this country has seen since the second world war. The vast majority of the firefighters at that fire, dealing with the explosion at that depot, were retained firefighters—90 per cent. of the coverage in this country is carried out by retained, part-time firefighters. I am very worried about what would happen in rural communities and in my community, which is not so rural in parts, in respect of who would provide the cover. I think that the Government believe that the communities will rise up, as they did in past centuries, and put together the fire cover. Perhaps they think that the parishes or the town councils will rise up, as they did historically, or that local companies will provide the cover. Dickinson's, in my constituency, supplied the fire cover not just for the paper mill but for our local community in Apsley for many years, but those times have gone.

We cannot just rely on volunteers saying that they will do it for nothing if they do not get the training and the skills to work together with the whole-time firefighters. We need cohesion in the fire service in this country and the Government must get their act together and go back to the European Union to say, "Our firefighters are different. You have an excellent system in the rest of Europe that works for you, but our system is different. We pay them and give them a pension, which is right and proper, and because of that this legislation will destroy our firefighting capability in this country. That is wrong." I stress to the Minister, in a non-party

*[Mike Penning]*

political way, that he should understand how devastating the directive will be for our communities and the fire services in this country.

I call again for the FBU to join the RFU and bury the hatchet. Let us forget about the problems in the past and come together to fight this ludicrous legislation that will destroy our firefighting capabilities in this country.

9.10 pm

**Mr. Robert Syms** (Poole) (Con): First, I want to declare an interest in the Register of Members' Interests as an employer.

Whenever we debate the working time directive people think, "Well, with a bit of common sense, we can make the 48-hour working week work." However, along comes the dear old European Court, delivering judgments on such issues as waiting times that immediately colour a lot of the detail and cause problems for the national health service and many other areas.

I agree with much of what has been said in the debate. Like my hon. Friend the Member for Hemel Hempstead (Mike Penning) I particularly want to focus on the retained fire service. Britain gets very good value for money from its fire and rescue services, particularly in rural areas. Some of the most sparsely populated areas of our country are covered by the retained fire service, which is made up of members of the local community who are compensated and who provide valuable fire cover. Some 90 per cent. of all fire cover comes from the retained fire service.

I think that this judgment will be a problem. The chief officer of Dorset fire and rescue service is very concerned about its implications, not least because most of those in the retained service have day jobs and usually train one night a week. By the time they have finished their training, they have hit the 48-hour limit without fighting any fires. The implications are that the training of our retained fire service might come under pressure if we are to recruit people to fight fires. That is a real problem for management. If one asks most chief fire officers what their key priority is for the retained firemen, they reply that it is to get them sufficiently trained, to keep them up to speed and to ensure that they turn up and cover the required number of hours to ensure that they are qualified to fight fires, which is becoming much more technical.

The retained fire service is therefore vital to our national interest. In a county such as Dorset, the bulk of the service is retained. The Government get very good value for money and the council tax payers of Dorset get very good value for money from the service. Unless we get a derogation from the directive, there is no way in which we shall be able to provide fire cover, save people's lives and give people security without employing substantially more firefighters at a substantially greater cost.

I and other Dorset Members have made representations about this year's grant to Dorset fire and rescue service. The increase this year was, I think, 0.5 per cent., which puts the service under severe pressure. We might well have to have fewer full-time engines. We will be required to rely far more on the retained fire service, and the additional consequences of the 48-hour week make the task almost impossible for our excellent chief fire officer. I hope that the Government can sort this out.

A clear message on the national health service has come from most of the royal colleges. We would not necessarily all agree with it, but there are real concerns about how we will manage the change. We have known about the problem for a long time, but I do not believe that there has been sufficient work force planning. I have had meetings with doctors and people who run hospitals, and the truth is that some hospitals are well up on the game and could work a 48-hour week, but a lot could not. The point made earlier in the debate about some of the smaller hospitals in rural areas is very important.

The Secretary of State was very robust in his response today but, given their scale, I am a little disappointed that he did not address the concerns expressed by responsible organisations. Rather than going back to first principles, I hope that he will set a pathway that will allow us to have a robust debate about how we get through this very difficult decision.

Ideally, we would want junior doctors to work shorter hours, but they must train and gain experience. That problem has come up time and again. As we have heard, the 48-hour week poses a real problem for shifts and the handover of patients, so I hope that the Minister who winds up the debate will be able to reassure us that the Government are looking into protecting our derogation when the great conciliation meeting takes place. However, August is approaching very rapidly and we need to make progress.

I have always believed in a fairly flexible labour market. As a responsible individual, of course I believe that we must have decent health and safety provisions but, as we have heard, this is a pretty safe country in which people can work and go about their ordinary business. At a time of economic strain and stress, when a lot of resources have gone into the NHS, it is a pity that we are facing problems that may impact on the service and on patients. They may also impact on people who want to provide a service and be properly trained to do the job in future years.

9.16 pm

**Dr. Richard Taylor** (Wyre Forest) (Ind): I am delighted to speak in this debate, and first I want to express my amazement at what seems to be quite a lot of agreement between the parties. Everyone agrees that excess hours are impossible. When I worked as a houseman at the old Westminster hospital, I crashed my car on the way home after being on duty all one night and for several nights before that. Excess hours, as we all agree, are completely unacceptable now.

We are also all against the exploitation of junior doctors. I am delighted to follow the hon. Members for Hemel Hempstead (Mike Penning) and for Poole (Mr. Syms), because retained firefighters are crucial in my area. I have one full-time station and two retained stations, and we have absolutely got to keep them.

There is also widespread agreement—certainly on the Front Benches—that the individual opt-out must be free and without any coercion. I at last understand the difference between sectoral and individual opt-outs, so that is one thing that I have gained from the debate. There is also a certain amount of agreement about

applying for some derogation. The Government are limiting it to some specialties and isolated communities, but that is something that we need to work for.

There is no agreement about hours, although everyone seems to think that 65 to 70 hours a week are too many. The Royal College of Physicians has suggested 52 hours a week as a short-term compromise, and I think that that sounds very reasonable.

I wish to underline the importance of securing the free individual opt-out and the temporary derogation. Most people seem to think that doctors merely want to protect their own interests and avoid working too hard, but I genuinely believe that most approach the matter from the patient's point of view.

Quality is the watchword. When people complain to me about quality, they talk about the lack of continuity and communication, both of which have been mentioned in the debate. Continuity is crucial, but shift systems are inevitable: unfortunately, continuity will be lost unless there is really good handover when shifts change. Handover implies and needs communication. I invite hon. Members to put themselves in the position of a junior hospital doctor struggling to get through the caring work. He knows he has to leave when 5 o'clock comes, and as a result the handover is squeezed out. That is a crucial factor. I mean not only communication between doctors, but communication between the doctor and the nurse and—this is the way to prevent complaints—between the doctor and the patient and relatives.

Quite a lot has been said about training. It is worth remembering that although one can get a certain amount of training from books, lectures and seminars, certain things can be learned only by experience. From the medical point of view, specialists have to see that their diagnosis and their treatment are right. They have to be able to follow up. If they cannot see a patient for any length of time, they will miss out on that.

Surgeons put the surgical point of view very bluntly: unless one does enough cutting, one does not become a good surgeon. It is experience of operations that counts. In my day, when I worked as a house surgeon—we all had to do that, even though we were to be physicians—I did my appendicectomies in the middle of the night with a very good senior house officer holding my hand. People must have that sort of apprenticeship experience in their training.

The British Medical Association has been quoted as saying that it is fully in favour of the 48 hours, but it is right that it should attach some conditions. One condition is consultant expansion. Somebody will have to do the work if there are not enough junior doctors around, and that means that there will have to be more consultants. I am tremendously glad that I am retired, because that means that consultants will have to work at night much more than they did in my day.

I was disappointed that the Secretary of State and the right hon. Member for Rother Valley (Mr. Barron), the Chair of the Health Committee, tended not to accept the statements from the royal colleges. I will read what the statement from the Royal College of Physicians said. I take the point that its statement is not a scientific survey, but it gives a real impression of what is happening. It says:

"Our surveys reveal a widespread consensus that the quality of patient care has declined in those hospitals that have introduced compliant working patterns, as has the quality and quantity of postgraduate medical training provided. Both have serious implications for future clinical care."

I will finish my remarks by hoping that the Government will get the derogation, and the free individual opt-out; indeed, I push them to do so. In the meantime, we must have a compromise until we have adequate consultant numbers, have worked out how to provide junior doctor training adequately, and can ensure adequate continuity of care. We must also ensure adequate time for communication, not only between doctors, and between doctors and nurses, but between doctors and patients and their relatives.

9.23 pm

**Sammy Wilson** (East Antrim) (DUP): May I first say that what has happened in the European Parliament, and the way in which MEPs from the Government party voted in the European Parliament, has caused great concern to those who will be affected by the European directive? My party believes that what happens on working time should be determined nationally, and not Europe wide. That point was illustrated very well by the contribution from the hon. Member for Hemel Hempstead (Mike Penning), who pointed out that there are particular circumstances affecting the United Kingdom, namely those pertaining to retained firefighters. That situation is unique in Europe, so a European directive is not suitable. There are many other examples of cases in which we need national flexibility. I welcome the assurance given by Government Front Benchers that despite what happened with the MEPs from the Government's own party, Ministers will at least fight to retain the opt-out.

I will cut my remarks short, because there is another Member who wishes to speak, but let me just put something on record first. In Northern Ireland in particular, the working time directive would cause a great problem for many of the emergency services. Of the 68 fire stations in Northern Ireland, 46 rely totally on retained firefighters. If the working time directive applied to them, large parts of Northern Ireland would be left without a local fire station. As has been pointed out, it is not an option to say, "Well, let's have full-time firefighters in all those stations." One thousand firefighters in Northern Ireland are retained firefighters and would be affected by the measure.

In my constituency the life boat would be affected, as would the coastguards. Ironically, although the directive is supposed to be applied for health and safety reasons, health and safety would be impaired by it. It is therefore important that the Government push on their commitment that the opt-out will be retained.

At a time of recession, when Northern Ireland is particularly dependent on small businesses, flexible hours will enable many businesses to remain viable and will probably enable many workers to stay in employment.

For all those reasons, I welcome the commitment that has been given from the Front Bench today, though there still appears to be some unwillingness to consider the sectoral opt-out. The Retained Firefighters Union in Northern Ireland has asked for the opt-out to apply collectively to the fire service. I do not believe that a collective or a sectoral application is impossible. That does not seem to be a problem for other European countries, so why should it not be possible for the United Kingdom?

*[Sammy Wilson]*

Flexibility and the right of countries to determine their own working practices, to which individuals can sign up, are important. Rather than the super-state of Europe dictating to us, the issue should be determined by this Parliament and its Members, who are elected to reflect the needs of their constituents and their own country.

9.27 pm

**Dr. Julian Lewis** (New Forest, East) (Con): The hon. Member for East Antrim (Sammy Wilson) was making such an excellent speech that I am almost sorry that he cut it short to allow me to make a modest contribution to the debate. In showing that courtesy, he sets an example that certain people on the Front Benches would do well to emulate.

I did not come along to take part in the debate, as the Secretary of State implied, because it was one way to lure all the Eurosceptics out from their caves. I came not because I am a doctor—although I have that academic title, I know nothing whatsoever about medicine. I am not even an honorary physician, like the right hon. Member for Rother Valley (Mr. Barron) who, sadly, is no longer in his place.

I came because I know a man who is a doctor, or at least I received a fax from that excellent service writetothem.com from a man who is a doctor. His name is Mr. Jason Millington. He is a Fellow of the Royal College of Surgeons and he is an orthopaedic specialist currently working at the North Hampshire hospital and he lives in my constituency.

Mr. Millington has set out very pithily indeed the basis of why members of the medical profession are so concerned about the implications of the working time directive. He has done that under four headings—patient safety, training, professional status and productivity. On patient safety, he says that there is no doubt in his mind that in preparing for the directive, junior doctors' rotas are unable to sustain the mandatory 48-hour week and to provide adequate service to patients. He writes:

"We are already stretched, and further dilution of our time will make holes in the rota that have been inadequately planned for. Locum cover for these slots is inappropriate, as well as wishful thinking."

That is his understanding of the situation.

Mr. Millington says that doctors' training is largely based on experience, as we heard in the excellent contribution from the hon. Member for Wyre Forest (Dr. Taylor), to whom the House always listens with respect on this subject. My correspondent adds that many doctors

"earn no more money by working 56 hours than 48 hours, yet still recoil from the idea of a shorter working week imposed by Europe."

That is because they are concerned about the skill base in the future. Mr. Millington asks me whether I am

"happy for Consultants of the future to be trained with less than half the clinical exposure as the current Consultants...Should this ring any warning bells?"

On professional status, he says that he is sure that I, like most professional people, work more than 48 hours a week, and goes on:

"To impose a ridiculous restriction is demeaning and demoralising. You reap what you sow".

He warns that if we want young doctors to be a "generation of clock-watchers", the directive will guarantee that that comes to pass.

Finally, on productivity, Mr. Millington says that every doctor affected by the directive

"will lose a day's productivity a week. This amounts to around 70,000 working days a week in the NHS."

He asks whether I am prepared

"to see the possible collapse of service in any of the hospitals in your constituency on the back of a one-size-fits-all European policy".

Finally, he points out that a recent Royal College of Physicians survey of the 48-hour week pilot scheme showed that 84 per cent. of the pilots created gaps in the rotas, so locums were required to cover the gaps; that 40 per cent. of the pilots had to use consultants to plug gaps in the junior rotas; and that 58 per cent. of doctors thought that patient care was worse under a 48-hour week. Mr. Millington says:

"There are a limited number of locums in the UK. Many say that the system cannot support such a change."

We politicians have little of value to say to doctors. However, Mr. Millington has shown that doctors have plenty of value to say to us politicians.

9.32 pm

**Mr. Mark Francois** (Rayleigh) (Con): I am pleased to sum up from the Conservative Benches after this lively debate. In the time available, I shall do my best to refer to at least some of the very good speeches that we have heard during its course.

As my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) and other hon. Members have set out, the European Parliament's proposed version of the revised directive has the potential to do crippling damage to the NHS. The implementation of the existing directive has been subject to damning criticism from the Royal College of Surgeons, the Royal College of Anaesthetists and the Association of Surgeons in Training.

A British Medical Association survey of junior doctors found that almost two thirds reported that compliance with the 48-hour week would have a negative effect on their training. A recent editorial in the *British Medical Journal* succinctly summed the issue up:

"If the directive was meant to improve clinical care and the quality of life and training for junior medical staff, its effect has been the opposite. The changes to working hours have had a major negative effect on the working life, free time, and education of junior doctors in the NHS."

The threat to our public services from the European Parliament's proposed abolition of the opt-out and the distinction between active and inactive on-call time goes even wider than the NHS. Its effects would cause severe difficulties for a wide range of other vital public service workers, including care home workers and retained firefighters, as was rightly highlighted by my hon. Friends the Members for Hemel Hempstead (Mike Penning) and for Poole (Mr. Syms) and the hon. Member for East Antrim (Sammy Wilson).

So far, so bad—but the effects of both the current legislation and the European Parliament's proposed changes go further. As the latest burdens barometer from the British Chambers of Commerce shows, the working time directive, as implemented by the Working Time Regulations 1999, is the single most expensive regulatory burden on British businesses introduced under this Government, with a total cost of £16 billion as of

July last year and an annual recurring cost of almost £1.8 billion. Working time regulations on transport workers add a further annual burden of £423 million on British businesses.

So no one—Minister, Member of this House or Member of the European Parliament—should be under any doubt that the existing legislation imposes considerable cost on British enterprise. That is not to argue against all its contents—I hope that no one would disagree with the importance of statutory paid holidays, for example—but it is to emphasise the burdens that British businesses already labour under. The now threatened opt-out is crucial to British businesses' ability to remain globally competitive. The then Business Secretary, the right hon. Member for Barrow and Furness (Mr. Hutton), rightly underlined how critical it was for our businesses' flexibility when he said only last June:

"That flexibility has been preserved by ensuring workers can continue to have choice over their working hours in future years."

Formal negotiations on this vital matter are due to start in less than a fortnight in the conciliation process to which several Members have referred. One would have thought that the Government would have done everything in their power to support their case for retention of the opt-out, yet Ministers have failed to carry out even an impact assessment on the loss of the opt-out. According to a study by the think-tank Open Europe, the reason, according to the Department for Business, Enterprise and Regulatory Reform, is that

"no one expected the opt-out to come up for negotiation".

Because of the Government's failure to examine the matter properly, we have to rely on third-party work.

According to the CBI, 3 million workers—10 per cent. of the British work force—take advantage of the opt-out. Open Europe's study has also found that if those workers were no longer allowed to take advantage of their right to work as they please, the cost to the British economy would be between £47 billion and £67 billion by 2020. To take the effect on just one specific part of Britain's economy, the British Constructional Steelwork Association, which represents an industry with 100,000 employees and an annual turnover of over £5 billion, has said that:

"we are seriously concerned that any negotiated deal that does anything to restrict our working hours could have serious consequences for all of us and in particular our industry which would not be able to operate without the flexibility the opt-out allows us".

It surveyed 1,000 workers in that field of industry, and the results show that 90 per cent. of them want to retain the opt-out from the working time directive.

This is not a cost that the British economy can afford, least of all when we face possibly the worst economic downturn of the past 60 years and when, thanks to this Government's economic mismanagement, the country is the worst prepared of any major developed economy. As the Institute of Directors has said, the

"irony"

of the abolition of the opt-out would be

"that the people who will suffer the most will be ordinary workers. Employers who want to work beyond 48 hours a week, so that they can earn more money to pay food bills and the mortgage, will no longer be able to do so if the opt-out goes".

More broadly, the CBI has said that:

"the right of employers to work longer hours if they choose to is vital to their ability to maintain the living standards of their families during a recession. The needs of workers and businesses are aligned. Both need the flexibility to respond to changing economic circumstances. British business will depend on the 48 hour 'opt out' when the upturn comes, and urges the Government to maintain the common position previously agreed in the Council. No more compromise is possible on this point."

That is an important point which I hope Labour Members will take on board: no further compromise is possible.

If the European Parliament gets its way, our hospitals will be less safe, our doctors will be worse trained, the NHS's resources will be put under further strain, our fire service will be dangerously stretched, our economy will be less prosperous and less competitive, with the inevitable consequence that tax revenues will shrink further, and the likelihood must be that yet more businesses will go to the wall or have to shed jobs, so that even more people will find themselves out of work.

How did we find ourselves in so dangerous a situation? The Government linked the agency workers directive—that has its legal base in the old social chapter, which originally they rightly opposed—with the revised working time directive. That point was rightly highlighted in the very good speech by my hon. Friend the Member for Cotswold (Mr. Clifton-Brown). As the Minister for Employment Relations and Postal Affairs told a Committee in another place in October,

"we never particularly wanted these two directives to be taken as a package...but most Member States wanted it and decided that way".

Having reached an agreement on a revised version of the directive that at least preserved the opt-out and made a distinction between active and inactive on-call time, the Government made their next mistakes: ones of complacency and failure of political leadership. The Minister happily boasted to journalists, "I don't think" that the issue of the opt-out "will reappear", apparently oblivious to the fact that working time legislation is subject to co-decision with the European Parliament.

The Government have shown remarkable incompetence at the European negotiating table. By linking the two directives and then letting the agency workers directive precede the working time directive, they made the current dangerous position possible. That is Janet and John negotiating, to use the earlier phrase of the Secretary of State. But what is really inexcusable is the behaviour of Labour's MEPs. They are members of the European Parliament's Socialist group and it was down to them to make the case to their colleagues on behalf of their constituents and to give a lead. Instead, the majority voted to scrap the opt-out and the distinction between active and inactive on-call time. They were led into that vote by their then Chief Whip, Glenis Willmott, who has since been chosen as Labour's leader in the European Parliament. On her election, the Prime Minister congratulated her, saying:

"Glenis will provide excellent leadership of the European Parliamentary Labour Party".

Given her record on this directive, do Ministers stand by that today? When the Minister winds up for the Government will he say that Ms Willmott has provided excellent leadership on the working time directive? If he is reluctant to do so, I shall intervene on him and give him a definite chance to say it.

What is more extraordinary is that the Labour party has published a document called "100 Labour Achievements in Europe". I have this significant tome here. In the second boast in the document, it says that Labour MEPs have

"implemented EU wide laws on working time, limiting the length of time workers can be obliged by their employer to work to 48 hours per week".

*[Mr. Mark Francois]*

That shows Labour MEPs boasting of their achievement, but does the Minister stand by it? Is it the Government's real policy, regardless of how long anyone wants to work, and regardless of the damage it would do to our NHS, to ban any employee from working more than 48 hours a week?

So let us be clear: Labour MEPs have let down our national health service, they have let down our firefighters and they have let down businesses struggling to make ends meet in the recession, and they are attacking British jobs. The fundamental underlying truth is that the Labour party is abandoning the centre ground of British politics. It is increasingly taking its lead from the trade unions and others on the hardcore left. Labour MEPs, like the Cabinet Ministers manoeuvring for future leadership bids, are bidding to win their favour, so instead of representing the national interest, they pursue factional interests within the Labour party. That is the symptom of a party that has forgotten that its purpose is to talk to and speak for the British nation.

If Ministers are going to go into the negotiations to preserve our opt-out with credibility, they must insist that Labour MEPs renounce their vote against our opt-out and against the rules on on-call time. Given what is at stake, I do not see how they can do anything less without fatally undermining our negotiating position. People in the European Parliament and in the Commission are asking privately how it can be that the British Government are supposedly digging in on this issue while their MEPs voted in precisely the opposite direction. If the Government's position in these vital negotiations is to have any credibility, the Minister needs to answer that question clearly tonight.

The Government must make it plain to European partners that our opt-out from the working time directive and the correction of the European Court's judgments on on-call time are red-line issues and that no further compromise is acceptable. The Government got us into this mess by linking the working time directive with the agency workers directive. Labour MEPs made a bad situation worse, and now large numbers of jobs in Britain are potentially at stake. That is unacceptable, and the Government must not give way on the working time directive. We intend to hold them to account on that in the forthcoming European elections on behalf of all those we represent in this country.

9.44 pm

**The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden):** This has been a useful debate on an issue that, as we have heard, is relevant to both our national health service and the economy more widely. I thank all the right hon. and hon. Members who have taken part. As we debate the matter in the House, it is also being discussed in the European Union, most recently at the Employment and Social Affairs Council, which I attended in Brussels yesterday.

As my right hon. Friend the Secretary of State for Health said in his opening remarks, the working time directive gives workers important rights. In implementing it, this Government introduced for the first time legal default limits on working hours and a statutory entitlement to annual leave. He talked in detail about the national health service and how we will match our commitments on working time with ensuring that we have the best possible system of health care for the public. I wish to deal more generally with the position of working time for individuals and for the economy as a whole.

As the House knows, unemployment is rising, but we still have many more people in work than a decade ago, and all of them enjoy stronger employment rights, including those granted under the working time directive. They enjoy more paid leave, more maternity leave and rights to flexible working. Many of those changes were fought tooth and nail by the Opposition as we sought to create a better balance between family responsibilities and working life. We believe that the Government should support each individual's right to rest and holiday, and the right not to be forced to work excessive hours. We believe that that should apply to all workers, regardless of their employment status, including temporary and agency staff.

However, the Government also believe that choice and opportunity are important factors in the debate—choice for ourselves and the 14 other member states that use the opt-out, and choice for individual workers, who may choose to work longer hours if they so wish. The hon. Member for Wyre Forest (Dr. Taylor) said that there was broad agreement about that, and I am glad to hear it, but some have said that there should not be choice on such a matter, and that it could endanger the health and safety of workers. I agree with my right hon. Friend the Member for Rother Valley (Mr. Barron), who pointed out that the UK has a very good health and safety record that stands comparison with that of other countries, and which we have maintained during the period for which the opt-out has been in place. In fact, according to survey evidence within the EU, the UK has the lowest rate of work-related fatal injuries and the third lowest rate of non-fatal injuries. The fourth European working conditions survey states that the UK has the lowest proportion of those in employment reporting that their work affects their health or causes them to suffer stress.

**Mr. Francois:** While the Minister is in the business of agreeing with people, does he agree with the Prime Minister, who seems to think that Glenis Wilmott has provided excellent leadership for the European parliamentary Labour party by voting to abolish the UK's opt-out from the working time directive?

**Mr. McFadden:** I regret the vote in the European Parliament, but while the hon. Gentleman is tempting me, I might turn to his party's tactics in the European Parliament. When I look around for its allies who agree with the Opposition on renegotiating a ratified treaty of Lisbon, which political giants do I find? Which great statesmen support the Opposition's position? The Dutch animals party, the French Hunting, Fishing, Nature, Tradition party, Sinn Fein and a number of communist parties. Those are the hon. Gentleman's allies, and I will keep mine rather than trade them for his any day of the week.

The existence of the opt-out is not the foundation of ever-longer working hours in the UK. In fact, in the past decade the proportion of UK full-time employees working long hours has fallen from about 22 per cent. to about 17 per cent.

Although the proportion of people who work long hours has fallen, the opt-out remains an important flexibility for individuals and the economy. As my hon. Friend the Member for Dartford (Dr. Stoate) said, it is important that the opt-out is voluntary. We do not believe that people should be forced to work long hours against their wishes. Any worker who feels that he or she has been forced to opt out as a condition of taking a job, or is disadvantaged as a result of not opting out, can take a case to an employment tribunal.

The Government were also prepared to accept the introduction of additional safeguards when we agreed the common position on amending the directive with other member states last June. However, it would be wrong to deprive people of the right to work longer and earn more if they wish, or to deprive businesses of the flexibility that people working longer hours can bring.

At the moment, some people have either lost their jobs or are on short-time working, which may have reduced their earning capacity. The Government believe that it would be wrong to say to the partner of such a worker that we wanted to limit their choice to work longer and earn more if they can, thereby perhaps allowing them to continue to pay their mortgage and other family bills. We have made that point to fellow member states in the negotiations.

Several hon. Members, including the hon. Members for Moray (Angus Robertson), for North Norfolk (Norman Lamb), for Cotswold (Mr. Clifton-Brown), for Hemel Hempstead (Mike Penning), for Poole (Mr. Syms) and for East Antrim (Sammy Wilson) raised the important issue of retained firefighters. The value and importance of the service were rightly highlighted. I want to make it clear that, contrary to what some believe, there are no general exemptions for emergency services in the directive, so an end to the opt-out would have implications for them. In the case of retained firefighters, who give their time and effort, normally on top of doing another full-time job, it is difficult to understand how that valuable and important service, which benefits the whole community, could continue in its current form without the opt-out. Let me reassure the House that the Government fully appreciate the importance of the retained fire service. That is another reason for our belief that it is important to build into legislation the sort of flexibility that the opt-out provides.

As my right hon. Friend the Secretary of State for Health said, our policy on the NHS is guided, above all, by considerations of patient safety. We know that there is evidence of a link between long hours in the health professions—some of the surveys that have been conducted were mentioned—and the quality of care offered to patients. We are committed to ensuring sensible limits on the hours that health professionals work in the NHS. We have made sustained investment in that commitment, and two thirds of junior doctors already work no more than 48 hours a week.

Again, as my right hon. Friend the Secretary of State said, there are exceptional circumstances, in which some doctors have less choice than others to work longer hours. That is why we notified the European Commission of our intention to use an extended derogation available under the directive to retain a maximum working week of up to 52 hours for a further three years. That will be limited, but will also provide important flexibility to help make the change.

**Mr. Clifton-Brown:** So that the general public can understand what is happening in the debate, will the Minister say whether he agrees with my analysis of the conciliation process—that a stalemate is likely and that the matter will go back to the Commission, where it will remain beyond the life of the Commission?

**Mr. McFadden:** The hon. Gentleman has intervened at the right time, because I am about to deal with the conciliation process and update the House on the negotiations. Throughout the lengthy negotiations, the Government have had two key aims: to reach a sensible solution about on-call and rest time, which the SiMAP and Jaeger judgments raised, and to secure the future of the individual opt-out. I believe that there is broad unity in the European Council on tackling the issues of on-call and rest time. Indeed, the vast majority of member states are seeking greater flexibility on those issues, precisely because of the SiMAP and Jaeger rulings.

I stress again that the opt-out is not an issue just for the UK. Fourteen other member states make use of the opt-out and there is good support for our position in the Council. That was reflected in the common position that we agreed last June, and it continues to be reflected in discussions in the Council since then. Following the European Parliament's votes in December, we are now entering the formal process of conciliation, through which I hope that we can reach an agreement that secures our objectives. Several trialogue meetings involving the Parliament, the Commission and the Czech presidency have already taken place. The first formal conciliation meeting is scheduled for 17 March, with possibly more to follow. I can assure the House that we will continue to argue for the retention of the opt-out. We have been completely clear about that with the Commission, the Czech presidency and other member states.

**Mr. Cash:** Does the Minister anticipate a result before the European elections?

**Mr. McFadden:** We will know one way or the other whether the conciliation process has succeeded before the European elections.

We believe that the flexibility shown in the way that the UK has implemented the working time directive has been right. It cannot be argued that it has had a damaging effect on workers' health and safety in the UK, because our health and safety record is good, but it can be argued that it is an important element of choice for workers, businesses and the economy as a whole. As we take the negotiations forward, it is important to contrast our engagement in Europe with the policy that would be pursued by the Opposition. How they hope to achieve anything for Britain in Europe by pursuing an isolationist approach that draws away from the mainstream of European politics is completely beyond most people in mainstream thinking. That approach will not achieve for the UK; our approach can.

We believe in opportunity and in the chance to work harder to lift oneself up and make a better life for oneself and one's family. Sometimes, choosing to work longer hours is part of that. It is important to retain the opt-out, and that will be our objective in the weeks and months ahead. On that basis, I ask the House to back the amendment in the Government's name.

*[Mr. McFadden]*

*Question put (Standing Order No. 31(2))*, That the original words stand part of the Question.

*The House divided:* Ayes 213, Noes 296.

**Division No. 57]** **[9.57 pm**

**AYES**

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Liz. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

**Tellers for the Ayes:**
**Jeremy Wright and James Duddridge**

**NOES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Austin, Mr. Ian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Caveney, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael

Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Ward, Claire
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

**Tellers for the Noes:**
**Chris Mole and Helen Goodman**

*Question accordingly negatived.*

*Question put forthwith (Standing Order No. 31(2)),* That the proposed words be there added.

*Question agreed to.*

*The Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).*

*Resolved,*

That this House agrees it is right that no worker should be required to work longer than 48 hours per week averaged over 26 weeks unless he or she freely chooses to do so; notes the Government's manifesto commitment to maintaining the individual

*[Mr. McFadden]*

opt-out from the European Working Time Directive; further notes the importance of the individual opt-out which is used by the UK along with 14 other EU member states; recognises that maintaining the individual opt-out is a key part of the UK's flexible labour market and of particular importance during the current economic climate; understands the particular concerns related to the working of excessive hours in the medical professions and welcomes the significant progress that has been made in the NHS to reduce junior doctors' hours; further notes the challenges faced as a result of the SiMAP and Jaeger judgements; further recognises that a solution is required in order to bring back much needed flexibility to the treatment of on-call time and compensatory rest time; welcomes the significant progress made in introducing the Working Time Directive across all clinical and staff groups within the NHS; further recognises that an extended derogation is necessary for a limited number of specialties and isolated, rural locations in order to ensure the efficient implementation of the Directive; and supports the continuing action to work with staff, clinicians, the British Medical Association and the Royal Colleges to ensure the workable implementation of the Working Time Directive to the benefit of patients and staff.

## CONSOLIDATED FUND (APPROPRIATION) BILL

*Motion made, and Question put forthwith (Standing Order No. 56),* That the Bill be now read a Second time.

*Question agreed to.*

*Bill accordingly read a Second time.*

*Question put forthwith (Standing Order No. 56),* That the Bill be now read the Third time.

*Question agreed to.*

*Bill accordingly read the Third time and passed.*

# Business without Debate

## DELEGATED LEGISLATION

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

REPRESENTATION OF THE PEOPLE

That the draft Parliamentary Constituencies (England) (Amendment) Order 2009, which was laid before this House on 29 January, be approved.—*(Ian Lucas.)*

*The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 11 March (Standing Order No. 41A).*

## ADJOURNMENT (EASTER)

*Motion made, and Question put forthwith (Standing Order No. 25),*

That this House, at its rising on Thursday 2 April 2009, do adjourn till Monday 20 April 2009.—*(Ian Lucas).*

*The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 11 March (Standing Order No. 41A).*

## ADJOURNMENT (WHITSUN)

*Motion made, and Question put forthwith (Standing Order No. 25),*

That this House, at its rising on Thursday 21 May 2009, do adjourn till Monday 1 June 2009.—*(Ian Lucas).*

*Question agreed to.*

## USE OF CHAMBER (UNITED KINGDOM YOUTH PARLIAMENT)

*Motion made,*

That this House welcomes the work of the United Kingdom Youth Parliament in providing young people with an opportunity to engage with the political process and bring about social change; notes that many hon. Members from all parts of the House are actively involved in the work of the UK Youth Parliament; and accordingly resolves that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House. —*(Ian Lucas.)*

**Hon. Members:** Object.

# PETITION

## Gaza

10.14 pm

**Mr. John Leech** (Manchester, Withington) (LD): I wish to submit a petition on behalf of 1,364 residents throughout Greater Manchester who oppose the BBC's decision to refuse to broadcast the appeal by the Disasters Emergency Committee for aid for the people of Gaza.

The petition states:

The Petition of persons concerned at the BBC's decision not to air the DEC's Gaza Appeal,

Declares that the International Committee of the Red Cross has said that conditions for the people of Gaza are "worse than Darfur" but the BBC refuses to allow the Disasters Emergency Committee to broadcast an appeal for aid; further declares the petitioners' agreement with Government Health Minister Ben Bradshaw, who has said the reasons the BBC has given for blocking an appeal for humanitarian aid are "completely feeble" and that it was "an inexplicable decision".

The Petitioners therefore request that the House of Commons urges the Government to do everything in its power to urge the BBC to reconsider its decision and to contact the Disasters Emergency Committee as a matter of urgency so that its appeal can be broadcast nationally.

And the petitioners remain, etc.

[P000323]

**Ms Sally Keeble** (Northampton, North) (Lab): On a point of order, Mr. Speaker. I tabled a question to the Department for International Development asking whether it was reviewing its policy on the private sector. In response, I received a telephone call asking me to disclose the source of my information.

I would appreciate your ruling on this matter, Mr. Speaker. Surely if a Member tables a question, that question should simply be answered. Surely there should be no request for the disclosure of information or attempt to negotiate about why the Member decided to table the question, and the question itself should be answered within a reasonable time frame.

**Mr. Speaker:** The hon. Lady has a point. No hon. Member has to disclose the source of his or her information. In fact, what such Members are doing is carrying out their duty to table parliamentary questions. It is therefore not necessary for any hon. Member to disclose any information regarding the source of a question, or the reason why it has been tabled. I expect the hon. Lady's question to be answered in a timely way.

## Legal Profession

*Motion made, and Question proposed,* That this House do now adjourn.—*(Ian Lucas.)*

10.17 pm

**Nadine Dorries** (Mid-Bedfordshire) (Con): I am delighted to have secured the debate and grateful for the opportunity to raise this subject, particularly given the present economic climate. I am sure that many other Members have seen, as I have, an increase in the number of visitors to their surgeries who are experiencing both financial problems and problems in gaining access to help via the legal sector.

I believe that the solicitor's profession may be one that stands to do very well as a result of the economic downturn. However, when my constituents experience financial difficulties, either in relation to their businesses or on a personal level, the first place many of them tend to go for help is the citizens advice bureau. Sadly, my local CAB provides no legal help, because it is deemed to be rural and thus not required to make such assistance available. Many people who go there are advised to instruct a solicitor. A number of them may already be in extreme financial difficulties, but fall outside the current legal aid threshold. As some are quite desperate, they proceed to instruct a solicitor anyway, thereby possibly incurring further debt.

Against that background, I want to say a little about the Legal Services Act 2007. When the Act was first debated in the House, the economic situation was much better, but it is about to come fully into force in a different climate. The Act liberalises and frees up the legal market. It will encourage much greater competition between legal services and, it is to be hoped, a climate of greater consumer focus on the basis of that greater market competitiveness. That is welcome and long overdue. It is welcome not least because it removes the self-regulating process that was previously in place; it could never have been a good situation to have solicitors regulating solicitors. The new route for dealing with complaints will be the Legal Complaints Service.

The Legal Services Act will also enable the formation of new types of multidisciplinary practices involving lawyers of different disciplines. We will even see, organisations such as "Tesco Legal" or "Sainsbury Legal", as large businesses that are not currently involved in the legal profession will be able to enter it through the alternative business structure and the Legal Services Act.

I have a concern, however. In my constituency, there are lots of high street-type solicitors—small firms and practices. The majority of complaints that my constituents bring to me regarding solicitors are about the larger firms. I can only think that that is the case because the smaller firms fight harder for their business; perhaps they build up a reputation on the high street, and then work hard to keep it. As small solicitors do not have access to large advertising budgets, their business is spread mainly by local advertising and word of mouth. I always imagine that if a solicitor in a small market town, for example, is a bad solicitor and does not serve the local population well, people will get to know about that pretty quickly. The larger practices seem to have a gung-ho and more conveyer-belt attitude towards their consumers. Certainly all the cases that have been brought to my surgery have involved larger firms.

More people are now needing to access legal help, and to do so in a cost-effective way, but I am worried that in the current economic climate the Legal Services Act may inadvertently lead to some of these high street solicitors being forced out of business. They have already suffered with regard to changes in legal aid over the years, and they might no longer be viable or in a position to practise and offer services to local people. That worries me because of some of the stories of incompetence that I have heard recently. I am aware that, when having dealings with a law firm, some people may not like the answers they receive because of a legal point or because a solicitor has not been able to reach the solution they wanted them to reach. However, I have also lately heard of a number of cases that are just down to sheer incompetence.

I am aware of the principle of sub judice, so I will not talk about specifics, but I would like to outline one case that is causing particular hardship at present. It is a divorce case involving a single mother. She contacted a legal firm, which understood that she would be chasing a large financial settlement from her ex-husband, and it welcomed her with open arms. However, when its representatives discussed the case with her and realised that that was not going to be possible, and that what she wanted was just to secure a monthly maintenance payment for her children, she was dropped like a hot brick and ended up having to represent herself. She therefore did not get an adequate settlement for her children. Almost by agreement, the solicitors did not pursue payment because they had been negligent; they had failed in terms of parts 1 and 2 of the solicitors' code of conduct.

As the solicitors had failed in that, one assumes that they would have felt embarrassed to chase their bill. Unfortunately, two years later, they have decided to pursue the bill. I have made inquiries as to whether we could go through the complaints procedure as it stands at the moment, but unfortunately things have been left too late. The solicitors have chased a single parent living on minimum maintenance payments two years later for a bill of more than £1,000—she is not going to be able to pay it, but she is being chased via the courts and a county court judgment. As she is being pursued two years later—by the way, she even received a letter from the solicitors saying that they were perusing past files and had just found the bill—we cannot do anything about it, despite the fact that she is being pursued through the courts, because the time frame has elapsed.

That is indicative of the old self-regulating culture, which was not consumer-focused. Can the Minister reassure us that in a concerted effort to eradicate the old culture, which was far more concerned with protecting and regulating the profession from within, when the new legal complaints office comes into force via the physical move into the new building, it will bring about a change in the old culture? We do not see that happening at the moment; although we have had the 2007 Act and it has been debated in this place, and although much has been said about the old culture and about how it needed to change and was not consumer-focused—I have looked at the debates that have taken place—my experience and that of my constituents suggests that it does not seem to be happening. Can he provide some assurance that the ombudsman is aware of the old culture and that a new broom will be sweeping through?

*[Nadine Dorries]*

I have looked at the legal ombudsman's annual report, and I have concerns because it sounds an almost triumphant note in stating that 60 per cent. of complaints are dealt with within three months. That is still indicative of the old culture, because dealing with things in three months is not good enough—it is just too slow. When someone in a difficult financial situation finds that 12 weeks down the line their complaint is barely being looked at, never mind closed, they are put in a stressful situation, as they will be looking to the Legal Complaints Service to provide them with a solution either to a dispute with solicitors or to another difficult situation. The annual report should not be triumphant about that figure; it is something to be concerned about, because that time frame is not quick enough. My experience and that of my constituents suggests that solicitors move at an incredibly slow rate, and I would like the legal ombudsman to be pushing this along.

I began by talking about citizens advice bureaux, and I wish to raise one further point with the Minister. Given the economic circumstances, does he think it possible that central funding could be made available to all citizens advice bureaux to provide legal assistance in the form of paralegals or in some other way? That would mean that rather than being advised to instruct a solicitor and thus incur further problems, some people could receive more useful and much less expensive assistance at their citizens advice bureau, which might help them to resolve the situation there and then, without going on to secure further debt. A halfway house solution of that kind may be useful to some people.

I do not wish to make it sound as though I have a vendetta against the legal service, because I certainly do not. Like MPs, the majority of lawyers and solicitors are all very honourable people who are trying to serve their customers and clients in the best way that they can. However, the new Legal Complaints Service needs to be robust, tough and consumer-focused. It is much more important for that to be the case now in this economic environment, because that service is dealing with consumers who often have nowhere else to go.

10.29 pm

**The Parliamentary Under-Secretary of State for Justice (Mr. Shahid Malik):** It is an honour to respond to the debate in your presence, Mr. Speaker, and I thank the hon. Member for Mid-Bedfordshire (Nadine Dorries) for highlighting this important issue.

The Government take the regulation of the legal profession very seriously. These are challenging times, which is why the Government have taken decisive action to deliver real help to families and businesses and to provide a shot in the arm for the economy. It is worth reminding ourselves of some of the Government's action in this regard. We have cut taxes—the 2.5 per cent. VAT cut put £12.4 billion into the economy. We have increased personal tax allowances, child benefit, tax credits and pensions. We have helped home owners facing repossession with a package of measures that could prevent up to 16,000 repossessions. We have provided real help for thousands of businesses, helping firms with cash-flow difficulties, protecting jobs and improving liquidity and business planning for small and medium-sized companies. We have ensured that investment continues and protected and created jobs by bringing forward £3 billion of capital projects on housing repairs and insulation, school extensions, GP refurbishments and transport improvements and by lending up to £13 billion to support private finance initiative projects.

The Government recognise that access to high quality legal services is vital for vulnerable consumers affected by the economic conditions. It is essential that consumers have confidence in their lawyers and the advice that they give. A robust and well-functioning complaints handling process is an important part of maintaining consumer confidence in the legal profession. The public need to know that when things go wrong complaints will be dealt with independently, quickly and fairly.

The hon. Lady raised her concerns about the impact of the economic climate on access to justice in rural areas. That was the subject of passionate debate during the passage of the Legal Services Act 2007, so we were considering that impact long before the current climate evolved. I thank the hon. Lady for rightly bringing it back to the attention of the House. I note in particular her concerns about larger providers being able to cherry-pick the most profitable areas of work, creating what have been commonly called "legal deserts". Although I do not intend to detail all the regulatory powers and obligations available to the Legal Services Board, I stress that the board, as well as the approved regulators, has a statutory duty to promote the improvement of access to justice.

The Government are committed to ensuring that people have access to quality legal help and advice when it is needed, particularly in the current economic climate when the number of people seeking debt advice and related advice is increasing, as the hon. Lady rightly said. I recognise the crucial role that Citizens Advice and other advice organisations play in that regard. Last year, the Legal Services Commission spent £80 million on legal services delivered by the not-for-profit advice sector. A further £13 million has recently been made available to fund 50,000 extra debt cases and 20,000 housing cases in response to the current economic downturn.

In addition, the Department for Business, Enterprise and Regulatory Reform has recently made a further £10 million available until March 2010 through Citizens Advice to expand local face-to-face advice capacity in England and Wales. That could assist a further 335,000 people each year. The Legal Services Commission also funds housing possession court duty schemes. The schemes mean that anyone in danger of eviction or of having property repossessed can get free legal advice and representation on the day of the hearing, regardless of their financial circumstances. Since the scheme began in 2005, the number of people who have been helped has more than doubled to around 30,000 a year. About 24,500 people were helped between April and December 2008.

In December, my noble Friend Lord Bach, the Minister responsible for legal aid, announced a study on local advice. It will look at the impact of the recession on the demand for advice, the impact of recent reforms on advice provision and changes in trends in the funding of advice.

The study is due to report at the end of April 2009. It will enable us to develop a more complete picture of the wider issues affecting the advice sector, and of how to address them effectively. That should give us the evidence

base to make future decisions with the advice sector and other stakeholders to ensure the sustainability of local advice services.

The hon. Member for Mid-Bedfordshire focused on the Legal Services Act. I can confirm that recent reforms introduced by the Act aim to improve the funding available for, for example, pro-bono advice—advice given for free. The Act enables courts to make orders for the payment of legal costs when the successful party is represented wholly or partly pro bono. Such costs are paid not to the lawyers involved but to the Access to Justice Foundation, a charity that distributes the funds strategically to where resources are needed the most. I know that the hon. Lady will welcome that.

On solicitor complaints, I should make it clear that, although I am obviously sympathetic to the problems that constituents have encountered, it would not be appropriate for me to comment on individual cases—although I hasten to add that the hon. Lady's constituent is fortunate to have an MP willing to advocate so effectively on her behalf. Individual cases are properly matters for the Law Society, the Solicitors Regulation Authority and the Legal Complaints Service, as the profession is independent and self-regulating. Under the current system, anyone unhappy with the service provided by their solicitor, or with how their complaint has been dealt with, can approach the LCS. Its complaints guidance suggests that a reasonable time for a solicitor to respond to a client's initial complaint is 28 days. I noted the three-month example that the hon. Member for Mid-Bedfordshire gave, which is out of kilter with that guidance.

The LCS aims to resolve quickly all complaints referred to it. About three quarters of the complaints it receives are resolved within six months, as the hon. Lady mentioned, although complicated cases may, of course, take longer to resolve. The LCS does not publish details of the complaints records of solicitors. It has recently consulted on the possibility of the publication of complaints records but, following the consultation, it concluded that more work needed to be done. However, the principle is one to which the LCS is committed.

When the LCS receives complaints about a solicitor's conduct, it will refer the matter to the Solicitors Regulation Authority. The SRA is making more information available to the public: for example, decisions to impose conditions on how solicitors practise are now displayed on the regulator's website, thus empowering individuals.

As for public awareness of complaints mechanisms, we agree that there is a need for awareness-raising activities. Coal health complaints are a good example of how the LCS is seeking to make sure that consumers are aware of their right to redress. The LCS is proactively seeking to make sure that miners know how to complain if they have received poor service from their solicitor. Part of the aim is to raise awareness of how consumers can work more effectively with their solicitors to raise their concerns at an early stage, without the need to make a formal complaint.

The LCS is also taking steps to reach out to traditionally "hard-to-reach" groups, or groups considered to be more vulnerable or disadvantaged. As part of this work, LCS staff attend conferences organised by the National Association of Citizens Advice Bureaux. They engage with a range of key stakeholders to try to make sure that consumers are aware of the services that the LCS offers.

I am aware of increasing concern about the tactics that some solicitors employ when pursuing costs. I think that we would all agree that court action should be the last step in pursuing payment. Where a matter is referred to the Legal Complaints Service, it will discourage use of the courts until the complaint is resolved. Solicitors are also subject to the duties set out in the solicitors' code of conduct. Rule 2 of the code includes a requirement to advise the client of the basis and terms of charges, and to discuss with the client how the client will pay. Failure to comply with the code could amount to misconduct, and the Solicitors Regulation Authority would be within its rights to take action over non-compliance.

I commend the actions taken by regulators to improve complaints handling, but the system had needed significant reform for a long time. The Legal Services Act provided that reform by establishing a single entry point complaints body, the Office for Legal Complaints. The OLC will be under a duty to increase the public's understanding of their rights and duties, which may include consumer rights in respect of complaints. The OLC will administer an ombudsman scheme and will be able to award redress of up to £30,000. Conduct matters will be referred to the relevant regulator for appropriate disciplinary action.

The recently established Legal Services Board has already set out its priorities in relation to complaints. The board's business plan, which is currently subject to consultation, sets out key deliverables for the coming financial year. They include appointing the OLC, approving its scheme rules, and setting out the requirements for in-house complaints handling. Some of those deliverables have already been achieved, and the key personnel have been identified. Elizabeth France, the chair, has been in place since autumn 2008. Her board, the chief ombudsman and the chief executive have also been recruited. They will now work to ensure that the OLC is implemented effectively before the ombudsman services are fully operational; that is expected to be in 2010.

Once again, I thank the hon. Member for Mid-Bedfordshire for highlighting such an important issue at a crucial time for many people. It is vital that people have access to good quality legal advice, especially in difficult times, and that they have somewhere to go if things go wrong. There is still much to do, but I hope that the examples that I have given show how the system is improving.

*Question put and agreed to.*

10.42 pm

*House adjourned.*

# House of Commons

*Wednesday 11 March 2009*

*The House met at half-past Eleven o'clock*

**PRAYERS**

[MR. SPEAKER *in the Chair*]

# Oral Answers to Questions

## WALES

*The Secretary of State was asked—*

**Manufacturing**

1. **Ann Winterton** (Congleton) (Con): What recent assessment he has made of the state of the manufacturing sector in Wales. [261324]

**The Secretary of State for Wales (Mr. Paul Murphy):** The manufacturing industry is, of course, very important to Wales. According to the latest available figures, the sector employs about 13.5 per cent. of the Welsh work force.

**Ann Winterton:** The manufacturing industry in the UK has taken a very hard hit in the recession, and that is perhaps even more true of Wales. Is the Secretary of State aware of the concerns of many in the manufacturing work force in Wales who work for foreign companies that there may be plans to offshore employment? Examples of such companies include Toyota in north Wales and Corus in south Wales; Corus has a plant in the Netherlands. What discussion has he had with other Ministers, and with the Welsh Assembly, to ensure that that does not happen?

**Mr. Murphy:** The hon. Lady makes a valid point. I have of course had discussions with my right hon. Friend the Business Secretary, and with the First Minister and Deputy First Minister of Wales. I have also discussed the issue of Corus with the chief executive of Corus. The point that the hon. Lady makes about foreign-owned companies in Wales is well taken, but I have no reason to believe that that will be a disadvantage to us in Wales in the months to come. In my constituency, for example, thousands of people work for car component manufacturers that are American-owned, and so far, so good. Obviously, they are feeling the pinch, like all manufacturing companies, and particularly those in the automotive industry, but I very much take her point on board.

**Nick Ainger** (Carmarthen, West and South Pembrokeshire) (Lab): My right hon. Friend and his colleagues in Government should be congratulated on the work that they are doing to get information to small and medium-sized businesses about the various schemes that are there to help. However, the Treasury Committee has been taking evidence in Northern Ireland, Scotland and the north of England, and one of the messages that we are getting back from some businesses is that they are not aware of all the schemes. May I urge my right hon. Friend to contact his right hon. Friends in the Cabinet to ensure that all the information and all the schemes are made available direct to small and medium-sized businesses, so that they can approach the banks, and not wait for the banks to approach them?

**Mr. Murphy:** Yes. My hon. Friend is of course a distinguished member of the Treasury Committee, and he makes a valid point. The issue of information is very important. The "Real help now" information is available on all Government websites, and on the websites of the devolved Administrations, including the Welsh Assembly Government, but more work is necessary, particularly locally. Most local authorities in Wales are now organising economic summits in their areas. There was one in my area on Friday, for example, and I know that there is to be a summit in the constituency of my hon. Friend the Under-Secretary of State for Wales. Information is best disseminated at the most local level, but I very much take the points that my hon. Friend the Member for Carmarthen, West and South Pembrokeshire (Nick Ainger) makes.

**Lembit Öpik** (Montgomeryshire) (LD): Only yesterday, I received notice that the Newtown factory branch of Trelleborg Sealing Solutions is to cut about 56 jobs, following similar examples at Stadco and Floform. What plans does the Secretary of State have to make sure that the manufacturing skills gap does not widen in Montgomeryshire, and is there potential to divert money specifically into the manufacturing base in mid-Wales, so that we can replace the jobs that we are losing with green jobs in the green economy, which provides both manufacturing opportunities and sustainable economic activity for the longer term?

**Mr. Murphy:** Yes, and that is certainly a priority of the United Kingdom Government, and of the Welsh Assembly Government, too. It is important that the hon. Gentleman and other Members who represent Welsh constituencies are aware of the various schemes available to businesses in Wales, particularly the ProAct scheme. It is unique to Wales and is very effective. Some 75 applications have now been processed, and 66 of them are from the automotive industry. Ten have been accepted. That represents nearly 6,000 workers, so it is a very real scheme, and it means that real money goes to help businesses such as the one that the hon. Gentleman described. I take the point that he makes about the green industry; that is a priority for both Governments.

**Mr. Peter Hain** (Neath) (Lab): Will my right hon. Friend take no lessons from Conservative Members on the impact of the global credit crunch on manufacturing in Wales? Their policies in the 1980s and '90s decimated manufacturing in Wales, and they show every sign of wanting to repeat those policies. I hope that my right hon. Friend will stand up against them.

**Mr. Murphy:** I certainly agree that, during the recessions back in the time of Mrs. Thatcher's Government, the situation was very different. It is most important to understand that we cannot simply sit back and do nothing. The Labour Government here, and a Labour-led coalition in Cardiff, are actually being positive about the help that we can give businesses in Wales. That is something that we did not see before, and I fear that we are not seeing that from the Conservative Opposition now.

**Mr. David Jones** (Clwyd, West) (Con): The Secretary of State will know that Toyota announced today that it is putting its factory on Deeside on short-time working and its staff on reduced pay. He has already mentioned the importance of the automotive industry to the Welsh economy. Given that importance, does he know precisely when the automotive assistance programme, which was announced with so much fanfare in January, will be implemented? Is it another case not of real help now, but of jam tomorrow?

**Mr. Murphy:** No; the hon. Gentleman is aware that some of the schemes are to operate at different times. For example, in April at least six schemes are due to go live, including help for the automotive industry. There are other schemes that have already started. I cited to the hon. Member for Montgomeryshire (Lembit Öpik) the excellent ProAct scheme that works in Wales. The schemes are staggered in time scale, but they are about real help for people. The hon. Member for Clwyd, West (Mr. Jones) is right that the delivery of such schemes must be a main priority of Government, whether here in London or in Cardiff. Help is available, and it is up to the industry to apply for that help.

**Small Business Support**

2. **Mark Williams** (Ceredigion) (LD): What assessment he has made of the level of support available to small businesses in Wales. [261325]

**The Secretary of State for Wales (Mr. Paul Murphy):** Businesses in Wales are receiving a high level of support from Governments at both ends of the M4. Small and medium-sized businesses in particular are the lifeblood of the Welsh economy and they make up, as the hon. Gentleman knows, some 98 per cent. of Welsh companies.

**Mark Williams:** With reference to one of those schemes, the enterprise finance guarantee scheme, does the Secretary of State share the concerns of many small businesses across Wales that many of the high street banks operating the scheme are demanding crippling personal guarantees of up to 100 per cent. against homes and assets, even though the Government are guaranteeing 75 per cent.? Whose guarantee is it—that of the banks or of the small businesses of Wales?

**Mr. Murphy:** Obviously, the guarantees are to the banks in order to ensure that they make effective lending possible, but the hon. Gentleman is right that whether the policy is filtering down to the local level—to the bank managers that we used to have in the old days—is another story. It is important for small businesses that lending starts again. It is also important to understand that banks still have to make commercial decisions. One of the reasons for the mess that we are in at the moment is that banks made the wrong decisions about risk or there was a lack of acknowledgement of risk. There are businesses in Wales that are viable and good and that deserve help. It is up to our banks, together with the help that Government in London and Cardiff give, to make sure that that lending occurs.

**Mr. Dan Tomlinson** (Islwyn) (Lab/Co-op): Small businesses will be greatly helped if they can recruit people with the skills that they need. At Oakdale comprehensive school I saw for myself last week that young people are being prepared well for the workplace and given good IT skills. What initiatives exist to ensure that we have strong school-business links, so that when we come out of the economic downturn Welsh companies are certain that they will have a strong and skilled work force from whom to recruit?

**Mr. Murphy:** That is the point, of course. We cannot forget about training and education for the future, for when we come out of the downturn. The initiative at Oakdale is a very good one. I will certainly commend it to the First Minister when I next meet him. It is important that we have a properly trained work force, and our colleges and schools in Wales play a hugely important role in that respect.

**Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): Does the Secretary of State not realise that there is a huge disconnect between the rhetoric and the words used at his Dispatch Box and at the business summit public relations exercises that are being conducted throughout Wales, and the reality on the ground, particularly in areas such as Pembrokeshire and west Wales, where small businesses are seeing precious little additional new assistance at this time of recession? Is the Secretary of State aware of the enormous disillusion in the small business community with the promises being made by Ministers and with how little is being delivered?

**Mr. Murphy:** There is time for rhetoric and there is time for people to pull together to help those who are out of work in Wales. I have not the slightest doubt that the economic summits that we have held—there is one to be held in a few weeks in Swansea—have done a remarkably good job in bringing together from business, industry, the trade union movement and elsewhere all the expertise that we can gather in Wales. It is true to say that it will take time for some of those schemes to start working, but some have already started working. The figures that I have just given the House with regard to ProAct are a good example of that. At least we are trying. I fear that the hon. Gentleman's party has no ideas at all about how to get us out of the recession. It is much better for small businesses, industry and commerce in Wales to know that both Governments are trying to help them, as opposed to his party, which has said absolutely nothing.

**Mrs. Siân C. James** (Swansea, East) (Lab): We have heard a lot today about the difficulties and economic challenges that face small businesses. However, the Secretary of State was kind enough to come to my constituency recently and he visited a very successful SME—Tomos Watkin's at the Hurns Brewing Company. It has been bucking the trend. I am sure that the Secretary of State will join me in congratulating the company on its wonderful successes.

**Mr. Murphy:** I certainly do. Swansea is a great example of a city with thriving small and medium-sized enterprises as the very backbone of its economy. I visited a number of them with my hon. Friend, and I can certainly commend the excellent beers that Tomos Watkin's provides.

**Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): I do not recognise the problems of small businesses in Wales to which the hon. Member for Preseli Pembrokshire (Mr. Crabb) referred. The Secretary of State has rightly referred to the £48 million ProAct scheme; there is also the £35 million ReAct scheme to retrain and assist people facing redundancy. Furthermore, there is the £20 million apprenticeship scheme for reskilling young people and the extra business rates relief, which now assists approximately 55,000 small businesses in Wales. Is it not heartening to hear of David Rosser of the CBI going out of his way to say well done to the Deputy First Minister and his team in reacting urgently and properly to assist small businesses in Wales?

**Mr. Murphy:** I am happy to say well done to the Deputy First Minister and the First Minister in Wales for the work that the Assembly Government have done. The reality is that individual people and businesses have been helped by those schemes. For example, there is Her Majesty's Revenue and Customs Time to Pay scheme, under which taxation is deferred. Some 2,600 firms in Wales benefit from that; £38 million has been deferred so that they can. There are other schemes as well. The point is that unless the Government act to help businesses, families and individuals, nobody else will.

**Albert Owen** (Ynys Môn) (Lab): Many small businesses in my constituency and throughout Wales rely on visitors and tourism. Does the Secretary of State agree that the product that is Wales needs extra support and help to promote its image at this difficult time? Furthermore, we should take advantage of the relatively low value of the pound sterling against the dollar and the euro. Will he raise those issues with Ministers? Next time he comes to Ynys Môn, will he meet tourist associations and operators to see first hand the problems that they face?

**Mr. Murphy:** Of course I will. There is no finer part of the United Kingdom to visit than Wales, and my hon. Friend's constituency is a great example. I am going there in a couple of weeks' time, and I assure him that he and I will look at the advantages that Ynys Môn gives the world.

**Mr. Roger Williams** (Brecon and Radnorshire) (LD): In these dire economic circumstances, the Welsh Assembly Government and the Westminster Government are increasing—I repeat, increasing—business rates by nearly 5 per cent. next year. What message does that send to small businesses that are struggling to survive in Wales, and what is the Secretary of State doing to stop this madness?

**Mr. Murphy:** There are ways and means by which firms in Wales can go to the local authorities and the Welsh Assembly Government and receive direct help, under the scheme that the Assembly Government have put forward. In addition, there is help on empty properties. I understand, however, that small firms have difficulties with this issue; that is why I referred to the HMRC Time to Pay scheme, of which many firms have taken advantage.

**Mrs. Cheryl Gillan** (Chesham and Amersham) (Con): The Secretary of State has revealed today that 10 businesses have been helped under the ProAct scheme and that help for 75 is under consideration. Frankly, that is just scratching the surface. The Secretary of State's figures are wrong; the Treasury has said today that 3,590 businesses in Wales have agreed terms to defer payments, a further 120 have been turned down and 405 are still in negotiations. That means that more than 4,000 businesses are facing trouble. Given that sort of volume, does the Secretary of State really consider that the schemes put in place by the Welsh Assembly Government and his Government have the capacity to cope with the large number of firms that are in trouble, are closing or are laying off staff?

**Mr. Murphy:** Yes, I think that the schemes collectively will do that. Does the hon. Lady realise that we are talking about hundreds of billions of pounds, which have been put into the banking system to prevent it from collapsing and to ensure that banks lend again? Those schemes will start at the beginning of the financial year. She should consider the importance of the schemes I have referred to, such as ProAct, ReAct and other schemes in Wales. They are meaningful schemes that are working. I agree that more work needs to be done to ensure that people are aware of them, but they are still better than the policies her party has put forward.

**Mrs. Gillan:** The Secretary of State is right to say that more work needs to be done, because the managing director of the leading business advice organisation in the country, Venture Wales, has said that since the Welsh Assembly Government took over the Welsh Development Agency, help for small firms has deteriorated. He says that decision making is "slow", that morale is "low" and that millions of pounds are "being wasted". If that is the view of an expert on the systems of help for businesses in Wales, what is the Secretary of State going to do about it?

**Mr. Murphy:** That is not the message I am getting. The CBI in Wales, the Federation of Small Businesses and individual businesses in my constituency are giving me the message that real help has come from the Welsh Assembly Government to the business sector. To take one example, the finance Wales initiative—our own Wales bank to help small businesses—has invested £17 million this financial year. That is 25 per cent. more than last year, and it is real help going to real businesses in Wales.

## Welsh Language Certificates

3. **Hywel Williams** (Caernarfon) (PC): What recent discussions he has had with ministerial colleagues on the provision of birth, marriage and death certificates in the Welsh language. [261326]

**The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David):** My right hon. Friend the Secretary of State and I have regular discussions with ministerial colleagues on a range of issues affecting Wales, including the Welsh language. Wales Office officials have discussed the provision of Welsh language certificates with colleagues as part of work on recent and current legislation.

**Hywel Williams:** I thank the Under-Secretary for that answer. He may be aware of the Bill published by our former colleague, Gareth Thomas, the former Labour MP for Clwyd, West on this subject some years ago.

Does the Under-Secretary agree that circumstances have not changed? There is a demand for Welsh language certificates. Will he strive to make parliamentary time available for a Bill on this matter, should one be presented?

**Mr. David:** I can tell the hon. Gentleman that the Government remain firmly committed to producing Welsh language certificates, and the General Register Office is exploring the best way to do that. I am happy to take forward discussions with the Home Office to find the best solution, but it is not a simple matter. It is not a question of introducing a Bill; we have to explore the best possible way. I reiterate that we are firmly committed to pursuing that path.

**Internet Crime Prevention**

4. **Alun Michael** (Cardiff, South and Penarth) (Lab/Co-op): What recent discussions he has had with the First Minister on Welsh initiatives to prevent internet crime. [261327]

**The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David):** My right hon. Friend the Secretary of State has regular discussions with the First Minister on a range of issues affecting Wales. The UK and Welsh Assembly Governments are working closely with law enforcement bodies, industry and financial institutions to combat crimes committed over the internet.

**Alun Michael:** I ask for an assurance that my right hon. Friend the Secretary of State and the First Minister will give continued support to e-Crime Wales, which, along with the Yorkshire e-business centre, provides the best example of how to tackle online crime. Does my hon. Friend the Under-Secretary agree that digital inclusion requires Wales specifically and the UK generally to be made the safest place to do business online, whether that business is personal or commercial?

**Mr. David:** My right hon. Friend makes a good point. The digital inclusion agenda must include the measures he talks about. He referred to e-Crime Wales, and it is holding a series of business breakfasts around Wales in February and March this year, to keep businesses up to date with the latest threats, and to tell them what steps they can take to minimise the risks of the damaging effects of e-crime. Moreover, e-Crime Wales has produced a number of extremely useful fact sheets on its website for business and individuals. All of that clearly shows that we are firmly committed to developing this agenda for the safety of everyone.

**David T.C. Davies** (Monmouth) (Con): Does the Minister agree that there is little prospect of doing anything meaningful about internet crime when Welsh police forces are facing such drastic cuts to their budgets that they have to reduce the numbers of front-line police officers in many parts of the Principality?

**Mr. David:** The fact of the matter is, of course, that there is no reduction in front-line policing. Of course there are efficiency measures taking shape, and bureaucracy is being reduced, but we are seeing better front-line policing throughout the length and breadth of Wales. That is very significant and far different from what the Opposition would do if they ever had power, for goodness' sake.

**Government Funding**

5. **Mr. Peter Bone** (Wellingborough) (Con): What recent discussions he has had with the First Minister on the mechanisms for allocation of central Government funding to Wales. [261328]

**The Secretary of State for Wales (Mr. Paul Murphy):** I have regular discussions with the First Minister on a range of issues, including central funding.

**Mr. Bone:** I am grateful to the Secretary of State for his response, but in Wales £8,577 per person is spent on public expenditure. In my constituency it is only £6,936. My constituents pay the same taxes as those in Wales. Is it fair that each man, woman and child in Wellingborough is £1,641 a year worse off?

**Mr. Murphy:** I do not know the rate of deprivation in Wellingborough, but large parts of Wales are seriously deprived because of the run-down of traditional industries. The Barnett formula, which deals with central funding for Wales, Scotland and Northern Ireland, was based on the needs of those different parts of our United Kingdom. That is the reason why that difference is in place.

**John Smith** (Vale of Glamorgan) (Lab): Will my right hon. Friend assure me that any discussions that he has about central funding and the mechanism used do not undervalue the role of defence expenditure in projects such as the defence technical academy in my constituency at St. Athan? Will he join me in welcoming the news that the joint director for technical training in the military is going to move to St. Athan in April, in anticipation of the construction of the new college?

**Mr. Murphy:** Of course I will, and I congratulate my hon. Friend on his tenacity in dealing with this issue. Billions of pounds of public spending will come to his constituency and the surrounding constituencies, and I know that he has played a very significant role in ensuring that that is the case.

**Jenny Willott** (Cardiff, Central) (LD): Central funding for policing in Wales has left south Wales with a shortfall of £10 million since 2005 and with an estimated shortfall of £7.7 million over the next three years. I have already written to the Home Secretary about that and have not yet had a reply. Will the Secretary of State take the matter up with the Home Office, to tackle that unfair and dangerous funding gap?

**Mr. Murphy:** The hon. Lady will be pleased to know that I met the Home Secretary last week on that very issue, and further discussions are ongoing.

**Adam Price** (Carmarthen, East and Dinefwr) (PC): The Assembly Finance Committee this week, and the Labour party in Scotland through its submission to the Calman commission, have made the case for borrowing powers to be given to the devolved Administrations. Does the Secretary of State see some merit in that proposal?

**Mr. Murphy:** I cannot see an enormous amount of merit in it at this stage, because of course if there is borrowing, money has to be found from somewhere to pay off the borrowing. However, I know that further discussions are being held on the matter. *[Interruption.]*

**Mr. Speaker:** Order. Before I call the next question, I should say that it is unfair to hon. Members who are here for Welsh questions that there is so much private conversation.

**Unemployment Support**

6. **Nia Griffith** (Llanelli) (Lab): What recent discussions he has had with the First Minister on assistance for those who have lost their jobs in the current economic downturn. [261329]

**The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David):** My right hon. Friend the Secretary of State has regular discussions with the First Minister about assistance for those who have lost their jobs in Wales, not least at the all-Wales economic summits that he attends. I would also point out that I have recently visited Llanelli to talk with local businesses, as my hon. Friend well knows.

**Nia Griffith:** My hon. Friend will know that balancing the books in Wales depends on a £9 billion subsidy from the rest of the UK. How could the help that he has described be provided if an independent Wales had to depend entirely on Welsh tax revenue?

**Mr. David:** My hon. Friend makes a very valid point. It is extremely important in these difficult economic times that we all pull together in the UK, not pull apart. I find it strange, as she does, that Plaid Cymru is demanding £3 billion from the UK Government at the same time that it is calling for independence.

**Mr. Speaker:** I call Mark Pritchard.

**Mark Pritchard** (The Wrekin) (Con): *rose—*

**Mr. Speaker:** I call David Taylor. No, I apologise, the hon. Member for The Wrekin (Mark Pritchard) did stand up.

**Business Support**

7. **Mark Pritchard:** What discussions he has had with ministerial colleagues and the Welsh Assembly Government on schemes to assist businesses in Wales during the economic downturn. [261330]

**The Secretary of State for Wales (Mr. Paul Murphy):** I refer the hon. Gentleman to the answer that I gave the hon. Member for Ceredigion (Mark Williams).

**Mark Pritchard:** I am delighted to have given the Secretary of State more time to think about his answer. He knows that Shimizu, a fine Japanese company, has factories in Welshpool and in Hortonwood in my constituency. The difference is that, on the Welsh side of the border, it receives taxpayer subsidies for wages and training. That is good news; we want people in jobs in Wales, but what about the people of Shropshire and my constituents, who would like a similar subsidy from the regional development agency?

**Mr. Murphy:** As the hon. Gentleman knows, one great benefit of devolution is that we can have several schemes to help businesses in Wales that might not be available in England. However, there are also effective schemes across the border in England, such as Train to Gain, the help that the Department for Business, Enterprise and Regulatory Reform gives small and medium-sized enterprises, and the Department for Work and Pensions schemes. There are plenty of schemes—it is important that the hon. Gentleman makes his constituents aware of them.

**Barnett Formula**

8. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent assessment he has made of the effectiveness of the mechanisms of the Barnett formula in allocating funding to Wales; and if he will make a statement. [261331]

**The Secretary of State for Wales (Mr. Paul Murphy):** The Barnett formula has been used for almost 30 years, and my hon. Friend has been asking the same question for the past 10 of them. I understand that the Treasury has no plans to review the funding arrangements.

**David Taylor:** More than 10 million people in the English midlands have a similar socio-economic and demographic profile to that of the people of Wales. They look over Offa's dyke with some envy at the public expenditure that is possible through the Barnett formula. Will my right hon. Friend see me to ascertain how we in the English midlands can get such support? Is he willing for us to have honorary status in Wales as Powys, East?

**Mr. Murphy:** I am happy for my hon. Friend to have honorary status in Wales. However, he knows that the well trusted formula has helped Wales, Scotland and Northern Ireland for more than 30 years. I understand that the midlands, too, can benefit from other sources.

## PRIME MINISTER

*The Prime Minister was asked—*

**Engagements**

Q1. [262192] **Andrew Miller** (Ellesmere Port and Neston) (Lab): If he will list his official engagements for Wednesday 11 March.

**The Prime Minister (Mr. Gordon Brown):** With your permission, Mr. Speaker, I know that the House will want to join me in expressing our sincerest condolences to the families and friends of Sappers Mark Quinsey and Patrick Azimkar of 38 Engineer Regiment, who were brutally murdered in Northern Ireland on Saturday evening, and to the family and friends of Constable Stephen Carroll, who was murdered while on police duty on Monday. At times like these, we remember the professional courage and dedication of our armed forces and the police. I believe that, at all times, the whole country will want to—and should—give our full support to the men and women who serve our country. The House will also wish to extend our best wishes for recovery to the soldiers and civilians who were injured in Saturday's attack.

The peace marches today on the streets of Northern Ireland show what I saw there on Monday, and what we see throughout the country: the unity against violence of the people and their representatives; the defiance and the determination to stand up to the evil of criminal violence, and the unyielding resolution to say with one voice that the peace that the people of Northern Ireland are building no murderers should ever be allowed to destroy.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

**Andrew Miller:** I know that I speak for the House when I associate myself with the Prime Minister's remarks about those who were killed and injured serving our country, and with his remarks about Northern Ireland.

My right hon. Friend knows of my worries about the vehicle industry and its supply chain. I know that a lot is happening, such as discussions with the industry and its trade unions. However, when will the banks get their act together to help stimulate demand, not only for vehicles, but all our manufactured goods?

**The Prime Minister:** I thank my hon. Friend for his constant support for the car industry and, of course, Ellesmere Port in his constituency.

At the car summit today, the business Minister is explaining the £2.3 billion of support that is available for the car industry. To ensure that the banks serve companies and the public interest in future in this wholly new world, we are reshaping them. First, they have had to sign lending agreements worth £44 billion of extra investment, which will take place this year. We are also regulating the banks for remuneration and risk, levels of cash flow and cross-border capital flows. We want to achieve an international understanding so that other countries will do exactly what we are doing.

**Mr. David Cameron** (Witney) (Con): May I thank you, Mr. Speaker, for the kind words that you said a fortnight ago about the loss of my son, Ivan? I particularly want to thank the Prime Minister for what he said. It came straight from the heart and it meant a great deal to Samantha and to me. We have had letters from right across the House of Commons and from thousands of people in the country. It has been a great comfort to know that others are thinking of us. A lot of letters have come from families who themselves have lost children. If there is a common theme in them, it is that although the loss never goes away, there does come a day when you look back at your child's life and you think happy thoughts about their life rather than feel sorrow at their death. I hope that that day will come for us, too.

Today, I join the Prime Minister in mourning the dreadful losses of the three British families of Sappers Mark Quinsey and Patrick Azimkar and Constable Stephen Carroll. On the day when we remember the service of our soldiers, we should remind those who protest against them that they have the right to do so only because British soldiers put their lives on the line.

On Northern Ireland, let us be clear about the nature of these crimes: they were committed by callous killers, capable of shooting men in cold blood and standing over their wounded bodies and murdering them. Does the Prime Minister agree with me that the most important thing in Northern Ireland today is that everyone works with the police so that these killers can be found, caught, charged and convicted?

**The Prime Minister:** Let me welcome back the Leader of the Opposition. I understand the grief that he and his family have been going through.

In Northern Ireland today we are seeing a degree of unity among the political parties that some people thought they would never see in their lifetimes. We are seeing all parties call for the citizens of Northern Ireland to co-operate with the police; we are seeing all parties condemning the violence; and we are seeing all parties asking those people who have information to help the police track down these killers. As the House will know, two men have been arrested as a result of the police killing and the hunt is on for the people who brutally murdered the soldiers on Saturday evening.

I can say to the House that we will do everything we can to enhance security arrangements in Northern Ireland. I have talked directly to Chief Constable Hugh Orde about that and we will leave no stone unturned in ensuring that he has available to him all the arrangements necessary to enhance security there. I believe that out of tragedy we are seeing a unity, which shows the determination that, although a few murderers may try to disrupt the process, the whole of the people of Northern Ireland want not only to see justice done but to send a message that the political process is here to stay and is working.

**Mr. Cameron:** The Prime Minister is absolutely right about that unity. It is remarkable—and it is remarkably welcome—that every political party in Northern Ireland, including individuals who were once bombers and terrorists, are calling on people to co-operate with the police. Does he agree that that highlights the importance of our reaction, which should be to say that Northern Ireland is not on the brink and is not staring into an abyss, but instead needs effective policing, the co-operation of the public and the measured reaction of politicians? Are not those the things that we need to ensure that these murderers never win?

**The Prime Minister:** I agree entirely with the right hon. Gentleman, and I see the assent of all parties sitting in the House to what we are both saying about the importance of people working together to hunt down these criminals. We are dealing with a small minority. The Real IRA and Continuity IRA have claimed credit for the killings in a way that is sickening, and they seem not to be able to distinguish between the needs of the armed services and civilians. Calling civilians "collaborators" was totally despicable. We will do everything in our power to track down these killers, but we will also do everything in our power to support the police and the armed forces.

It is right to raise the support that we give to our armed forces in every part of the country. Homecoming parades should be what people in the communities concerned want them to be, and that is a celebration and a commemoration of the great service and dedication of our armed forces in every part of the country. I believe that the country wishes the homecoming parades that are going on in Watford, Windsor and Bolton to go ahead without interruption. There is a right to freedom of speech, but there is not a right to disruption and to public disorder. It is our duty to ensure that order is kept.

**Mr. Cameron:** The whole House will have agreed with the Prime Minister about the value of the homecoming parades, but may I turn to another issue?

Serious allegations have been made that Britain may have been complicit in torture. Let us be absolutely clear about Binyam Mohamed. This is someone who claimed he was going to Chechnya to help civilians, but

in fact ended up in Afghanistan. Nevertheless his allegations have to be dealt with. It is right for the Attorney-General to see whether a crime has been committed, but is it not also important that the Prime Minister is satisfied that Britain has throughout acted with moral authority—over and above the question of whether a crime has been committed? Will the Prime Minister tell us what he has done to satisfy himself of the true facts in this case?

**The Prime Minister:** Let me say right at the outset that this Government unreservedly condemn the use of torture. Under no circumstances will we participate in, encourage or condone the use of torture for any purpose. Where allegations are made about torture, I have instructed that they must be properly examined—including, if necessary, by the courts. The Attorney-General is looking at the very specific allegations in this case. If there is evidence, it will be referred to the police, who will conduct a criminal inquiry. At the moment, the matter is with the Attorney-General, who is looking at all the evidence. As I say, I have instructed that whenever allegations are made, they are properly investigated.

**Mr. Cameron:** I grateful for the Prime Minister's assurances and we agree completely with what he says about torture being unacceptable. We all want to eradicate the potential stain on Britain's reputation, but the question is whether an investigation by the Attorney-General into criminal conduct is enough. Surely we need to look at what procedures and processes are in place to ensure that Britain cannot knowingly, or unknowingly, be implicated in torture. Is that not why we need a brief, judge-led inquiry into what happened and what lessons need to be learned?

**The Prime Minister:** I appreciate what the right hon. Gentleman says and it is absolutely right that we be vigilant at all times because the freedoms and liberties of this country are best served by making absolutely sure that we unreservedly condemn and do not allow the use of torture. The Intelligence and Security Committee has investigated some aspects of these matters and reports were done in 2005 and 2007. The Committee will continue to look at these matters because that is the statutory role given to it. At the same time, the Attorney-General will look at all the details, and I have made it clear that there is a next stage. If any evidence is found that should lead to a police investigation, it will be referred to the police, and if they decide to proceed a criminal investigation will be carried out. This is the best way to deal with these specific instances—the Intelligence and Security Committee looks at the general cases.

**Mr. Cameron:** But it is not clear that the Attorney-General's inquiry will answer the question that the Prime Minister himself rightly poses, which is whether we have acted properly at all times during these procedures. The Attorney-General will look at the one case, rather than at the procedures in all cases. The Attorney-General is, quite rightly, looking at whether a crime has been committed, but is not really looking at our moral authority and whether it has been maintained. Does not the Prime Minister see that an inquiry is likely to become necessary: either the Attorney-General will find that a crime has been committed, in which case there will be a clamour for an inquiry to answer how on earth it was allowed to happen; or, on the other hand, if the Attorney-General decides not to go ahead with a prosecution, we will still not really have the answers to what happened in this important case? On either ground, would it not be better to order that judge-led inquiry, instead of having it dragged out in the weeks ahead?

**The Prime Minister:** The Intelligence and Security Committee has inquired, and continues to inquire, into these matters, and we have had a debate about the full status of the ISC for the future. It looked at the issue of rendition in great detail in its previous inquiry. The Home Secretary, in her role as an adviser to Government, referred the question of possible criminal wrongdoing to the Attorney-General. She is consulting others, as is necessary, about what needs to be done. It is obviously for her to decide how she is likely to proceed. The court that heard Binyam Mohamed's judicial review case has made it clear that it thinks this is the right way to proceed. I hope the right hon. Gentleman will allow the inquiries taking place to proceed. On the general issues he raised, Britain, because of our defence of freedom and liberty, of course wishes to be seen to be doing everything in our power to deal with questions that arise about the use of torture or rendition. I believe that, at this stage, the best way to proceed is with the Intelligence and Security Committee, but let us hear the report of the Attorney-General.

**Mr. Peter Hain** (Neath) (Lab): The Prime Minister made some welcome observations about the terrible tragedies in Northern Ireland. Does he agree that what is especially encouraging is the fact that the leaders of republicanism have spoken out so clearly and unequivocally in condemning those terrible criminal atrocities, and have been united in doing so? Even a few years ago, it would have been unthinkable that the Deputy First Minister, with all his history, would stand alongside the First Minister and the Chief Constable and say that we would not tolerate this criminality, while still retaining his republican objectives. That gives us encouragement, or should, in the current circumstances.

**The Prime Minister:** I spoke to the First Minister and the Deputy First Minister on Sunday, and met them both on Monday. Both revealed their determination to make it absolutely clear that violence cannot be tolerated, that terrorists must be rooted out, and that the community should co-operate with the police in doing that. They condemned absolutely the killings of a police officer and the killings of Army officers who were, sadly, on their way to Afghanistan, and who would have left that night but for the terrible incident.

I say to my right hon. Friend that out of this tragedy something is emerging which shows that the people of Northern Ireland, as well as the politicians, want the political process to be both maintained and strengthened. I think that that gives reassurance and encouragement even in this most difficult of times.

**Mr. Nick Clegg** (Sheffield, Hallam) (LD): Following the brutal murders of Sappers Quinsey and Azimkar and Constable Carroll, and the serious injuries suffered by four others, may I say on behalf of all Liberal Democrat Members that our hearts go out to the families of the victims, though they harden against their murderers? Their violence must not and will not divide the people

of Northern Ireland; instead, it will strengthen their resolve to live their lives in peace. That is the unwavering message of the dignified demonstrations taking place in Northern Ireland today.

May I also extend my personal welcome to the leader of the Conservative party on his return to Parliament, and say on behalf of all on these Benches that we sincerely hope that he and his family will be given the time and the space to cope with the terrible loss they have suffered?

I am sure the Prime Minister will agree that today's announcement from President Sarkozy that he will reverse General de Gaulle's legacy and rejoin NATO is hugely significant, but does he also agree that it offers an enormous opportunity for Britain, along with France, to lead European defence co-operation, which has been held back by tensions surrounding the Atlantic alliance?

**The Prime Minister:** I do welcome France's announcement that at the NATO summit on 3 and 4 April, with the President of America and other people present, it will announce its return to the inner core of NATO. I believe that that is good for the defence of the world. I also believe that there are opportunities for co-operation not just between France and Britain, but between the countries of the rest of the world, in relation to nuclear disarmament.

We are at a critical point in the nuclear proliferation discussions, and we are at a particularly difficult point in relation to Iran. We have made it clear to Iran that it cannot join the international community unless it renounces nuclear weapons. However, I believe that a wider deal on nuclear arms is possible in the next few years, and I think the right hon. Gentleman will see that France, America and other members of NATO are keen to see that happen.

**Mr. Clegg:** I welcome the Prime Minister's response, but my main concern is that he may still miss the full opportunity available to him. If he could commit Britain to working fully with France and others on European defence—which, frankly, we have not done before now—he would be in a stronger position to ask them to commit more money and troops to Afghanistan. Does he recognise that there is a good bargain to be had, which would be of enormous help to our overstretched service men and women for many years to come?

**The Prime Minister:** European defence co-operation is important. I think the hon. Gentleman will know that it exists in many areas, and particularly between Britain and France. I have talked directly to President Sarkozy about what more we can do together in Afghanistan and other places. We must also remember that we are talking about the British armed forces: the British Army, the British Navy and the British Air Force. We will defend our right to make our own decisions as well.

**Geraldine Smith** (Morecambe and Lunesdale) (Lab): The case for the partial sale of Royal Mail is crumbling and opposition is growing across the country and in this House. Is it not about time that the Government dropped that unwanted and unnecessary measure from its postal services reforms?

**The Prime Minister:** I know that my hon. Friend has never been a supporter of the course of action that the Government have proposed, but I ask the House to look at this issue. The Royal Mail has a pension fund deficit that is going to approach £8 billion. It has investment needs that it needs to meet for the future. It also wants to continue, as we want it to continue, the universal service obligation. It makes sense to try to find additional investors in the Royal Mail to enable us to meet our commitment to the pensioners, to maintain the universal service obligation, to keep the post office network, with the additional investment that we are making in it, and of course to give maximum support to the postal workers in our country, whom I support as well.

Q2. [262197] **Sir Nicholas Winterton** (Macclesfield) (Con): Savers have been hammered by falling interest rates, clobbered by falling share prices and shortly will suffer from the inflationary consequences of what we describe as quantitative easing. Does the Prime Minister not believe—I say this sincerely—that he owes it to savers, many of whom are pensioners, to have a full debate in Government time in this House on Government economic policies, so that he can honour his commitment to this country at the beginning of his premiership to put the House of Commons at the centre of government?

**The Prime Minister:** We are happy to debate the economy at any time in this House and to be able to show people that we are taking the right decisions to get us through this downturn. I appreciate the difficulties that savers face at this time. The greatest danger to savers has always been high inflation. We have kept inflation low in this country for the past 11 years, and we are looking at what we can do to help savers at this point. *[Interruption.]* If Conservative Members want to shout about that, perhaps they should look at their policies for cutting public spending. No country in the world is choosing to cut public spending at a time when people are in need of the help that Government can provide.

Q3. [262194] **Phil Wilson** (Sedgefield) (Lab): The north-east is aware of the importance of regional airports. Will my right hon. Friend join me in welcoming the campaign being run by the *Northern Echo*, "Keep the Region Flying", which promotes the economic benefits of airports such as Durham Tees Valley in my constituency? Is he aware that the deputy chair of the Conservative party has recently talked down the future of Durham Tees Valley airport, threatening future prosperity and jobs?

**The Prime Minister:** Regional airports are incredibly important to the economies of all parts of this country. I recognise the importance of domestic air services to London airports for the regional economy of the north-east and for every other regional economy in the country. I congratulate my hon. Friend and the *Northern Echo* on their campaign. I understand that the aviation Minister, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), has agreed to meet him to discuss these issues. In the longer term, increasing capacity at Heathrow should help to maintain and grow domestic air services.

**David Simpson** (Upper Bann) (DUP): May I, first, thank the Prime Minister, the Leader of the Opposition and all other Members who have paid tribute to those who have died in the tragedies that have taken place in Northern Ireland over the past few days? Constable Carroll lived in my constituency in the town of Banbridge. He had served some 20 years, I believe, in the security forces and was due to take early retirement next year. I had the sad task of visiting his home yesterday. While his wife and family are heartbroken, they are resolute that Northern Ireland must move forward.

Will the Prime Minister agree with me that the vermin, for that is what they are, who took out Constable Carroll will be brought to book for what they did; that it is important that, whatever resources the Chief Constable needs, all parties in the Northern Ireland Executive support that; and that these individuals will never be allowed to put Northern Ireland back into the 35 years of hell on earth that we have come through?

**The Prime Minister:** I know that the whole House will want to pass, through the hon. Gentleman, our condolences to the family of Constable Stephen Carroll. He was part of a tactical support group that was supporting a mobile patrol unit responding to reports of a broken window in a house. On arrival at the scene, he was hit by a number of shots that killed him. He was the first Police Service of Northern Ireland officer to be killed by terrorists. I hope that the hon. Gentleman can pass on our condolences to his family. I can assure him that I have talked to the Chief Constable twice and have met him subsequently. I have agreed with him, as has the Secretary of State for Northern Ireland, that he will have the resources that are necessary. We need the co-operation of all communities to bring people to justice. Two arrests have been made, and it is for the police, and then the prosecuting authorities, to make further decisions on that. I must tell the hon. Gentleman that there is a determination to do everything in our power to bring what are criminal murderers to justice and to show that they have no place in the political process of Northern Ireland.

Q4. [262195] **Harry Cohen** (Leyton and Wanstead) (Lab): Why do the Government think that banks are best run in private hands? Why do they favour a return to private investment banks rather than a state investment bank? If banks are too big to go bankrupt, surely it is in the public interest that they are run properly, rather than have public ownership of their private bad debt.

**The Prime Minister:** I know that my hon. Friend has not come to these views just in the last few months, but has held them for some time. For the first time, we have insisted that banks give us a quantitative figure for the amount of lending that they will do. This is essentially a lending agreement between Government and the banks that requires the banks to do a particular amount of lending. The Royal Bank of Scotland, in which we have more than 80 per cent. of shares, has agreed to £25 billion of extra lending this year and next year; Halifax Bank of Scotland Lloyds TSB has agreed to £14 billion of extra lending on top of its previous commitment; Northern Rock has agreed to £9 billion. This is an example of how, having learned the lessons of the last few years, we are determined to insist that the banks do their duty by the public.

Q5. [262196] **Paul Holmes** (Chesterfield) (LD): Forty-five council staff in Chesterfield are about to lose their jobs to pay for the Government's mistakes in introducing the national concessionary bus fare scheme last year. Thirty councils have been badly underfunded, Chesterfield by £1.5 million. Yet some councils have been given too much; next-door Bolsover has been given £400,000 more than it needs. There is still time for the Prime Minister to intervene with the Department for Transport to sort out the mess and save those 45 jobs. Will he do so?

**The Prime Minister:** I hope that the whole House will agree that concessionary travel—the new free bus pass for the over-60s that allows them to travel around the country—is a good invention and a good thing to do. I hope that all hon. Members will agree that we have given support to local authorities. I know that the hon. Gentleman has met the Minister concerned, and with Chesterfield borough council and Derbyshire county council. The issue is how much money they receive for the operation of the scheme. Chesterfield is receiving an extra £416,000 as a borough council, in addition to existing formula grant funding for the pre-existing other elements of the statutory bus concession. We will look at any points that he raises, but the important thing is that the concessionary bus scheme for the over-60s is working and will continue to work.

**Mr. Dennis Skinner** (Bolsover) (Lab): Is the Prime Minister aware that, in Bolsover, they vote Labour and have not put in a tinpot Liberal council like Chesterfield? Is he also aware that this so-called Liberal council, which has been there for a few years, lost control of its finances generally long before the bus scheme was introduced? So whatever he does—I am sure he will look at the figures—the Prime Minister must make sure that Bolsover retains the money that it properly gets from this Labour Government and make sure that we are able to carry out the bus travel scheme as in the past.

**The Prime Minister:** My hon. Friend is absolutely right—and he has also held these views for many years. The free bus pass for pensioners, and what we have done in raising the winter allowance and the basic pension, as well as the pension credit and free eye tests for pensioners, show that we are the party and the Government who are trying to serve the needs of the elderly of this country, and we will continue to do so.

Q6. [262197] **Mr. Rob Wilson** (Reading, East) (Con): What has the Prime Minister bought as a direct result of the cut in VAT?

**The Prime Minister:** It may not matter to Conservative Members, but people have at least £20 more in their pockets every month; people have more money in their pockets, which they can decide to spend or save. The European Union agreed yesterday that in certain other cases VAT would fall. As the Institute for Fiscal Studies says, the effects of this are giving people more discretionary spending power, and that is the right thing to do. Only the Conservative party could scorn an attempt to give £20 a month to every family in this country.

**Mark Durkan** (Foyle) (SDLP): I thank the Prime Minister for his meaningful and measured presence in Northern Ireland on Monday morning. I previously recorded condolences in this House to the two soldiers who were murdered in Antrim, and I visited Constable

Carroll's family last night. Does the Prime Minister agree that those young people whom the Continuity IRA and the Real IRA are seeking to recruit need to know that the lesson of Monday night is that the real patriots serving the peace of the new Ireland were Constable Carroll and his colleagues, who went to answer the call of a woman in stress, not those who brutally murdered him? While the Prime Minister has affirmed the determination of all parties to make sure these groups are not able to set us back politically, will he also assure us of his determination that they will not succeed in their other immediate aim of setting back the policing environment?

**The Prime Minister:** I am very grateful to my hon. Friend. He was at the meeting of all the political party leaders on Monday that was convened in Belfast. All leaders attended: all leaders said they were determined to root out violence; all leaders said that it was important to help the police in their task; and there was a unity of purpose, which is now reflected, I believe, in the peaceful and dignified marches in Northern Ireland today, to show that the whole of the public want to see an end to violence. My hon. Friend is absolutely right that those who gave their lives are true patriots, and we will never forget them; they are in our memories for ever.

## Point of Order

12.32 pm

**Mr. Paul Goodman** (Wycombe) (Con): On a point of order, Mr. Speaker. As you are aware, the preventing violent extremism pathfinder fund distributes more than £70 million of public money to local authorities. Last year, after a delay of some six months, the Secretary of State for Communities and Local Government was persuaded to place in the Library details of how that fund was being spent for that year. Earlier this year, I wrote to the Secretary of State to ask her to place in the Library the corresponding details for this year. I received no reply. After a written question, I received a reply studiously ignoring the request I had made. This morning, I phoned the Secretary of State's private office and was told that the Department may—I stress "may"—no longer holds these financial details for this year at all.

My point of order is as follows. Either the Department no longer holds the details of where a substantial tranche of £70 million-worth of public money is going, which is a scandal, or it is refusing to place in the Library details of where that money is going, which, frankly, is no less scandalous in relation to information that Members of this House and members of the public have the right to see. What can you do, Mr. Speaker, to assist Members of this House in obtaining access to information that they have a right to know?

**Mr. Speaker:** It is up to Ministers as to how they answer parliamentary questions. I will look into the matter the hon. Gentleman raises, and I will get back to him. I thank him for raising it.

**Peter Luff** (Mid-Worcestershire) (Con): Further to that point of order, Mr. Speaker. I want to point out my concern, which I hope is shared by the House, that it seems easier to get information from the Government through freedom of information requests, which would work for my hon. Friend the Member for Wycombe (Mr. Goodman), than through written questions. That is a very worrying development.

**Mr. Speaker:** It would certainly worry me. When parliamentarians seek information through parliamentary questions that is all-important and they should be a priority for any Minister.

## Theft from Shops (Use of Penalty Notices for Disorder)

*Motion for leave to introduce a Bill (Standing Order No. 23)*

12.35 pm

**Miss Anne McIntosh** (Vale of York) (Con): I beg to move,

That leave be given to bring in a Bill to restrict the use of penalty notices for disorder in respect of the offence of theft from retail and commercial premises; to revise sentencing guidelines in respect of this offence; to make provision for the recording on a national database of penalty notices for disorder issued; and for connected purposes.

The Bill has cross-party support and I am grateful to my co-sponsors for their support. Organisations representing retailers, including the British Retail Consortium, the Association of Convenience Stores and the Federation of Small Businesses, are supportive of the work that I am doing and welcome the Bill. I am delighted that the Magistrates Association also supports the Bill and that the Justice Secretary has taken the opportunity to meet many of the organisations concerned.

Crimes against business cost the UK economy £19 billion every year according to the British Chambers of Commerce. The cost to small business of shoplifting alone in the past 12 months ran to £1 billion according to the Federation of Small Businesses. In 2007-08, more than 290,000 incidents of shop theft were recorded, and, of course, there might have been many more.

By introducing the Bill, I am seeking to amend police guidelines to ensure that penalty notices for disorder or fines are limited to first-time offences and to ensure that the guidelines state that penalty notices for disorder should be issued only in a police station and that victims of shop theft should be consulted on the appropriate action to be taken by the police.

Secondly, I am seeking to improve the police database to ensure that all recent shop theft offences are entered on the national computer system for ease of reference across the police forces.

Thirdly, I am seeking to amend sentencing guidelines to give greater flexibility in tackling persistent offenders and to check that offenders are able to pay, as well as to ensure that when offences fuel a drug or drinks habit, the offender appears before the court so that they can receive proper treatment and rehabilitation. The Magistrates Association has noted

"from dealing with such offences over many years that most offenders are driven to theft because of poor budgeting and lack of support or abuse of alcohol and/or drugs. The use of a fixed penalty only serves to cause even greater financial hardship and in no way tackles the underlying cause of the offending behaviour. If the matter is put before a court then magistrates have the discretion to impose a penalty that would address the causes of the offending and help in reducing such crimes, which have a significant impact on society."

Furthermore, the association states:

"We are concerned about the inappropriate use of Fixed Penalty Notices and even more so when we hear that over 50 per cent. are not paid and then registered for court action. As we said earlier, FPNs do not really address the underlying causes of offending and so do not make any contribution to reducing offending behaviour."

Shop theft is not recognised as a serious offence. Retailers are often not consulted before fines are issued and the police do not always liaise with the victims of

*[Miss Anne McIntosh]*

the crime. The police are switching from cautions and prosecutions to the increasing use of penalty notices for disorder and fines. The police find penalty notices for disorder attractive as they reduce paperwork and free up police time, but from the retailers' point of view, as the victims of the crime, PNDs do not match the value of goods stolen. The average value of goods stolen is £149, but the initial fine that is incurred is £80, with a penalty of only a further £40 if that is not paid.

More worryingly, 50 per cent. of all fixed penalty notice fines go unpaid. The Magistrates Association believes that such notices simply do not address the underlying causes of offending, and that they make no contribution to reducing offending behaviour—surely the object of any legislation.

In my view, the Government are not being tough on crime or on the causes of crime. I believe that the punishment should fit the crime, and that is why I want to restrict penalty notices for disorder to first-time offences of shop theft, where the goods stolen are limited in value. Again, a PND would be issued only after consultation with the victim of the crime—that is, the shopkeeper or shop owner.

When a community sentence is issued after persistent or aggravated offences of shop theft have allowed a case to go before the court, that sentence must be seen to be served in full. When shop theft is deemed to fuel a drug or drink habit, the court should be allowed to analyse and treat the underlying causes, and a programme of rehabilitation should be issued, where appropriate. That means that a package of measures should be put in place.

Penalty notices for disorder were introduced by the Criminal Justice and Police Act 2001. Shoplifting was introduced as an offence that attracted a PND in 2004. The notices are regarded as an alternative way to deal with low-level offending because they deliver swift, simple and effective justice and also carry a deterrent effect. A crime report is always required for the offence of retail theft.

A notice may be issued provided that a police officer has reason to believe that a person has committed an offence, and that the officer has sufficient evidence to support a successful prosecution. Sufficient evidence may be based solely on reliable witness testimony. The amount levied by such a notice is specified by the Secretary of State and must not exceed a quarter of the maximum fine on conviction for the offence.

Notices can be issued for the higher sums of £200 or £500 only in exceptional circumstances, and notices for theft would usually be issued only when goods have been recovered. As I said earlier, the penalty notices carry a fine of only £80. If the notice is paid within 21 days, it does not result in a criminal record. Originally, the notices were intended for low-level, usually first-time, offending and were not considered appropriate for those who offend repeatedly.

The British Retail Consortium believes that, in addition to losing £1 billion to retail crime every year, firms must invest £1.4 billion in crime prevention measures, such as installing CCTV cameras and shutters. They also incur higher insurance premiums. Given that there could be job losses to cover those additional costs, the wider community definitely suffers from this crime.

Since 1998-99, the number of recorded offences of shoplifting has averaged an astonishing 295,000 each year. That is equivalent to nearly 6,000 offences a week. Since 2004, the use of penalty notices has become increasingly widespread. In 2004, 1.8 per cent. of shoplifting cases attracted a penalty notice, but that proportion had risen to 27 per cent. by 2006. In fact, from 2002 to 2007, there was a 27 per cent. decrease in the number of people prosecuted for theft from shops. The use of penalty notices is replacing court sentences as a means of combating retail theft, but I believe that the current system is simply not working.

The use of the notices means that shoplifters are treated in the same way as people who leave litter in a public place, or who are prosecuted for a parking offence. The penalty for stealing up to £100 of goods is too modest, and I believe that it should be more severe. Forty five per cent. of businesses state that crime costs them more than £5,000 each year, and that is a heavy price for small firms to pay.

It gives me great pleasure to present this Bill to the House. I hope that the Government will look wisely and supportively on my three modest calls for action—that the police computer be amended so that all multiple and persistent offences are entered into it, that the guidelines for the police be amended so that only first-time offences attract a penalty notice fine, and that the sentencing guidelines be modestly amended to allow such cases to be referred to the court, especially when there are underlying causes.

*Question put and agreed to.*

*Ordered,*

That Miss Anne McIntosh, Mr. Roger Gale, Kelvin Hopkins, Peter Bottomley, Mr. Shailesh Vara, Mr. Frank Field, Patrick Mercer, Bob Russell, Mr. Brian Binley and Kate Hoey present the Bill.

Miss Anne McIntosh accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 19 June and to be printed (Bill 74).*

## Business Rate Supplements Bill (Programme No. 2)

*Motion made, and Question proposed,*

That the Programme Order of 12 January 2009 (Business Rate Supplements Bill (Programme)) be varied as follows:

1. Paragraphs 4 and 5 shall be omitted.

2. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion three hours after the commencement of proceedings on the motion for this Order.

3. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion four hours after the commencement of proceedings on the motion for this Order.
—*(John Healey.)*

12.46 pm

**Robert Neill** (Bromley and Chislehurst) (Con): My hon. Friends and I are concerned about the programme motion because, although the Bill is insubstantial in volume, it could have an enormous impact on businesses in the United Kingdom. It could impose a burden of up to £600 million a year on businesses, even though business rates have already increased by 5 per cent. this year and there is a prospect of a further revaluation using a multiplier that is now out of date in the light of the changed economic circumstances.

Although the Bill has been through a careful and constructive Committee stage, it raises a number of technical issues, and I notice that two significant new clauses have been tabled for discussion today—one by the hon. Member for North Cornwall (Dan Rogerson) and the other by the right hon. Member for Greenwich and Woolwich (Mr. Raynsford). They both raise issues that deserve serious consideration. In fairness, during the course of the Bill's consideration in Committee, the Minister said that he would look at some of those issues, in particular the question of the property owner levy in business improvement districts, which is the subject of the new clause tabled by the right hon. Member for Greenwich and Woolwich, and the issue of business's involvement in the delivery and oversight of the business rate supplements project, which I and other hon. Members raised.

We have not yet received an inkling of the Government's thinking on those matters, although I am sure that it will emerge in the debate today. However, given that the House is not overburdened with business at the moment, it might have been better to devise a programme motion that allowed for more reflection on those issues, so that we could consider whether, if my hon. Friends and I are unsuccessful in winning our principal point of opposition to the Bill, we could at least do more to ameliorate any unforeseen and perverse impacts on certain sectors of the business community. For that reason, we shall seek to oppose the programme motion.

12.48 pm

**Mr. John Redwood** (Wokingham) (Con): I share the concern expressed by my hon. Friend the Member for Bromley and Chislehurst (Robert Neill). There is also a general point to be made here. How much longer will the Government go on with this absurd process of guillotining and timetabling every Bill? Under previous Governments of both parties, most Bills went through this House without any guillotine whatever. They went through in the time that the House felt they needed. Sometimes we needed less time than the Government might have thought, and sometimes we needed more. Governments of both parties accommodated the wish and will of the House on the ground that this is the democratic Chamber, and the place in which we ought to be able to talk sensibly about a Bill for as long as it takes to deal with any problems.

This is a particularly nasty and spiteful little Bill. It will impose up to £600 million of taxation on business at a time when business is running out of money and when the grotesque mismanagement of the money supply and the banking system in this country by the Government and their regulators has left business in a very weak position. Now we see them back for third helpings wanting up to £600 million more out of businesses' coffers at a time when they are having to worry about how they pay the gas bill or the staff wages, or keep in business at all.

I do not know for how long the House would like to discuss the Bill, but I do not understand why the Government cannot let us discuss it for as long as we think it should take. They may get a pleasant surprise; some of its stages may take less time than they have laid down in their motion. However, surely the least that they could do in the circumstances would be to give us the freedom to express ourselves and to have the debate that we want.

This is a revenue-raising Bill. This great House of Commons built its democratic strength on being able to challenge how much money was raised and how it was spent. It is doing a dreadful job of that at the moment. Huge sums of money go through without our having the opportunity to discuss and challenge them in the normal way, as we saw with this week's £20 billion supplementary estimate, which was not even down on the Order Paper for debate and went through on the nod. This £600 million should not go through on the Government's timetable but according to the will of the House.

I urge the Minister, at this late stage, to do the decent thing by withdrawing the guillotine motion and letting us discuss this properly. If it takes longer than until 7 o'clock tonight, what is the problem? We are paid to do our job. I am happy to stay here a bit later if there are lots of colleagues with sensible points to make, so why are the Government not willing? Why will they not do the decent thing?

12.51 pm

**Dan Rogerson** (North Cornwall) (LD): I entirely agree with the right hon. Member for Wokingham (Mr. Redwood) and the hon. Member for Bromley and Chislehurst (Robert Neill). Those who have been following our debates on the Bill closely are likely to be those who will be affected by it, including the representative organisations that have taken the trouble to contact hon. Members and talk to us. However, many of the businesses that will be affected probably do not yet understand how big an impact this might have on them. As we heard from the right hon. Member for Wokingham, there are huge pressures on business at the moment, and the issues on which business people will rightly be concentrating are staying in business, managing to get the finance that they need from banks, and so on. Liberal Democrat Members are certainly willing to explore the issue,

*[Dan Rogerson]*

provided that those who are to pay any extra levy have the final say through a ballot, which we will discuss later.

The undue haste with which the measure is being pushed through is not the proper way to proceed. If hon. Members feel that they need more time to tease out the issues and explore them in more detail, they should have that time. This legislation is potentially very serious in terms of the extra burden that it could place on businesses without their having the opportunity to comment on it in their local area. That is why I share the concerns that have been raised about the nature of motion before us.

12.52 pm

**Mr. Mark Field** (Cities of London and Westminster) (Con): Having served on the Public Bill Committee, I pay tribute to the Minister for the work that was done during the evidence-gathering sessions. We had the opportunity to carry out a pretty full analysis of what the Bill was about. However, I endorse the words of my right hon. Friend the Member for Wokingham (Mr. Redwood). He did not serve on the Committee, but he recognises the Bill's huge importance to the financing of large-scale infrastructure projects; I suspect that it will even go beyond that. That will affect our constituents throughout the UK, not least because much of this money will be raised through a supplementary charge on local businesses during difficult times.

It is regrettable that these constraints have been imposed by business managers; I accept that the Minister may not necessarily be directly to blame. Given that other elements of our business have fallen away quite easily, and that may well apply to much of the work in the next week or two, given what is likely to be dealt with, it is surprising that this did not warrant a full day's debate instead of being truncated to four hours.

Given that the motion is likely to go to a vote, the danger is that the longer I and colleagues speak in this debate, the more we reduce the amount of time available for proper scrutiny, and there are important matters to be debated later on. This is regrettable. I hope that even if the Minister decides not to take on board our concerns at this juncture, he will at least consider them and ensure that when we discuss such crucial Bills in the future involving tax-raising we can deal with them properly.

**Mr. Redwood:** Is this not an unreasonable pressure to place on us? There is nothing wrong with debating whether the House should receive this summary treatment or be given a proper length of time for consideration, but why should that be taken out of the time spent on the Bill? It is absolutely outrageous. This is all part of the thuggery of this Government's approach towards the House of Commons. They will not let us have time to discuss anything: they say, "If you discuss A, you can't discuss B." They need to get used to democracy.

**Mr. Field:** I entirely agree with my right hon. Friend's every word. I only hope that there are not too many hostages to fortune for a future Conservative Government and that we will ensure we do not go down this path when these matters arise.

I will not detain the House any further. I hope that the Minister will take on board our concerns even if he will not allow a longer debate today. These are very important issues that affect all of us as constituency Members, and they deserve full and proper consideration by this House.

12.55 pm

**Mr. Brian Binley** (Northampton, South) (Con): This programme motion surprises me. We hear many fine words from the Government about the importance of small and medium-sized businesses, but see little action. We have talked a lot about giving money to that sector through the banks, but it is not getting through, and we still do not get a reaction from the Government that suggests they really understand that.

However, that is not what we are discussing. We are talking about loading more financial burdens on to small and medium-sized businesses from April 2010. I bet you, Mr. Deputy Speaker, that many local authorities will jump on this bandwagon, not least because they consider that they have been starved of cash over recent years and see this as an opportunity to do a little more than they have been able to hitherto. I suppose that that could be considered a good thing.

The Minister will know how many business organisations have objected to this measure. He will know how much they fear the role of local government in extracting more money from them.

**Mr. Greg Knight** (East Yorkshire) (Con): Why is my hon. Friend surprised by the motion, given that this Government have a history of curtailing debate?

**Mr. Binley:** I will be delighted to answer that if I can get into the mindset of the Government, which is difficult. I would have thought that they would not want this motion because they wanted to make it clear to the business communities affected that they wanted it to be fully debated. The eyes of the business community are on us at this moment. That community is very aware of the Bill and deeply concerned about it. It has made representations in sizeable numbers and of sizeable length. I would have thought that the Government were concerned about that particular constituency, as they are opinion formers who talk to the electorate and come into contact with them all the time. I would have thought that, with an election looming, the Government may feel that that was a good reason to want to prove that they were being fair to small business. The fact is, however, that they are not being fair to small business, because they are not providing the opportunity to have this measure fully and properly debated without the constraints of a programme motion. That is why I am surprised by the motion. I hope that the Government will reconsider at this last moment and withdraw it.

12.58 pm

**The Minister for Local Government (John Healey):** I quite understand why the hon. Member for Bromley and Chislehurst (Robert Neill) and his friends are using the programme motion to make arguments that go well beyond the scope of the Bill, and well beyond the issue of the scrutiny that the House will, quite properly, give the subjects before it this afternoon, once we are able to

get on to them. He was right to say that the Bill has been well debated so far, so let me remind him of something as he tries to argue for more time this afternoon than the Government have proposed. I say this to the hon. Member for North Cornwall (Dan Rogerson), too, who accuses the Government of undue haste. We had three very good evidence sessions, as the hon. Member for Cities of London and Westminster (Mr. Field) said. We then agreed to hold six scrutiny sessions. We finished early on the fifth, and we did not need the sixth. The Bill was, as the hon. Member for Bromley and Chislehurst said, well debated and properly scrutinised in the Public Bill Committee.

The programme motion gives the House ample time to do its job properly. I urge my hon. Friends to support the programme motion if the hon. Member for Bromley and Chislehurst insists on opposing it.

*Question put.*

*The House divided:* Ayes 255, Noes 180.

**Division No. 61]** **[1 pm**

**AYES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Riordan, Mrs. Linda
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul

Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

**Tellers for the Ayes:**
Helen Jones and
Ms Dawn Butler

**NOES**

Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Cerwell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cormack, Sir Patrick
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. (Monmouth)
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorries, Nadine
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Gale, Mr. Roger
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howell, John
Hughes, Simon
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Rogerson, Dan
Rowen, Paul
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

**Tellers for the Noes:**
Bill Wiggin and
Mr. Stephen Crabb

*Question accordingly agreed to.*

# Business Rate Supplements Bill

*Consideration of Bill, not amended in the Public Bill Committee*

## New Clause 1

PROJECT DELIVERY BOARD

'(1) Where a levying authority imposes a BRS it shall set up a body corporate called the Project Delivery Board (in this Act referred to to as "the Board") to oversee delivery of the project to be funded by the BRS.

(2) Schedule [Project Delivery Board] is about the Board.'.—*(Dan Rogerson.)*

*Brought up, and read the First time.*

1.12 pm

**Dan Rogerson** (North Cornwall) (LD): I beg to move, That the clause be read a Second time.

**Mr. Speaker:** With this it will be convenient to discuss the following: Amendment 1, page 13, line 6, leave out clause 19.

New schedule 1—'*Project Delivery Board*—

1 A Board shall be established at the first instance of an initial prospectus being published for the imposition of an approved BRS.

2 A Board shall exisit for the period in which the BRS is in existence.

3 The members of the Board are to be appointed by the relevant levying authority in the following way—

(a) a third are to be representatives from the affected local authority;

(b) a third are to be representatives from the affected local business community;

(c) the remainder is to be made up of members appointed as thought appropriate by the relevant levying authority.

4 In appointing members to the Board the levying authority must have regard to the desirability of securing that the Board is able to perform its functions effectively and efficiently.

5 Where two or more levying authorities are acting jointly by virtue of a BRS the Board shall be established by arrangement between those levying authorities.

6 The Board's functions are to be specified by regulations.

7 Regulations under paragraph 6 must be made by the Secretary of State within 90 days of the commencement of this Act.

8 Regulations under paragraph 6 may authorise a levying authority to use a prescribed proportion of such sums as it collects or recovers in respect of a BRS to meet expenses incurred by the Board.

9 Expenses incurred under paragraph 8 may not extend to a salary for any Board member.'.

Amendment 16, in schedule 1, page 22, line 16, at end insert—

'11A A description of the arrangements by which persons paying the BRS shall—

(a) be kept informed of what monies have been raised in pursuance of the BRS and how they have been expended, and

(b) be represented upon the governing body of any organisation set up for the purposes of delivering the objectives of the BRS, or, if such organisation is not to be set up, how such persons are to be involved in the oversight of the delivery of such objectives.'.

**Dan Rogerson:** As we heard in the previous debate, the Bill is attracting increasing attention from business people throughout the country whose business may be affected, should the local authority or a group of local authorities in their area choose to opt for the mechanism set out in the Bill in order to fund a local infrastructure project. Although I said on Second Reading that my party is not opposed to the principle of a business contribution to important infrastructure projects, we believe that safeguards are needed so that the businesses affected feel that they have an input, first, into the proposal being drawn up, and secondly, into whether the proposal meets with approval, as we shall discuss later.

Businesses and organisations that I have spoken to felt that the business improvement districts process was valuable because it enabled the continuing engagement of the business community in the delivery of a project, so that businesses can be reassured that the project is proceeding to schedule and in the way originally envisaged, and so that they can make a contribution to delivery through their experience in delivering similar projects in the private sector.

The new clause would set up a project delivery board as a mechanism for businesses that were making a contribution through business rate supplement, local authority representatives and others appointed to the board to enable them to come together to ensure that there was adequate oversight of the project as progressed. The positive relations that, hopefully, would have been fostered during the putting together of the prospectus would continue, increasing opportunities for joint working.

As we heard in Committee, many hon. Members consider it important to put on the record that relationships between local authorities and the business community are much better now than they have been in the past. I know that the Minister and his colleagues have used that point to argue that the ballot is not necessary in all circumstances.

**Mr. Mark Field** (Cities of London and Westminster) (Con): The hon. Gentleman and the Minister have both said that the relationship between businesses and local authorities is profound, particularly in the case of high-profile business regeneration in our inner cities, but does the hon. Gentleman not have some concerns that the third element, the residential population, especially in our bigger cities, has often been left out? How would he try to ensure that there was input from residential communities whose vibrancy is an important part of ensuring that such initiatives are maintained, particularly in our inner-city areas, where they are most likely to take place?

**Dan Rogerson:** The hon. Gentleman raises a good point. In his constituency there is an organisation that represents a small residential community which does not participate as strongly in elections to that body as does the business community represented in the Corporation of London, although I note from the press that that may change and that there are moves afoot for residents to mount more of a challenge at the next elections.

From my party's perspective, the important thing is that local authorities represent the residential community. They are elected by the residential community, so it is crucial that the local authority is well represented on

*[Dan Rogerson]*

the board. It is the levying authority or part of the group of levying authorities and will have consulted its electorate and been elected on a platform to deliver projects such as those that may be proposed. That is a safeguard, but schedule 1 also sets out that a third of the board could be appointed by the levying authority so, for example, if the project was specifically relevant to an area where there was an active residents association, I can see no reason why someone from that association could not be co-opted to the board to represent the voice of the residents, as the hon. Gentleman suggests.

As I was saying, it is necessary to reassure the business community that its voice matters not just in putting together the proposal and signing up to it, but in the ongoing delivery of it. The board would be an additional means of fostering positive relations between local authorities and the local business community. Those relationships are undoubtedly much stronger, but the fact that all hon. Members have been lobbied by business organisations about the Bill proves that there are still issues to be overcome.

One of the matters raised time and again by businesses is, sadly, concerns about the delivery of certain local projects. The new clause would help to reassure businesses that its voice would be heard and would be central to the delivery of the BID. If the business community had any concerns about business rate supplements being levied for purposes not entirely set out in the prospectus—I am sure the Minister will tell me that that is not possible and that there are safeguards in place to protect against that—it would be reassured by having its representatives at the heart of the process.

In the debate on the programme motion, we heard from the Minister that we had excellent evidence sessions. He is right. Hon. Members in all parts of the Committee agreed that one of the most important contributions was that of Dr. Julie Grail from British BIDs. In her evidence to us at our second sitting on Tuesday 20 January she said:

"With regard to the business rate supplement, we have heard a lot today about concern with the ballot...it is not just about the ballot ... it is about managing the relationship going forward. One huge value that we have seen coming out of BIDs is that it has truly brought together local government and the business community. A danger about the business rates supplement is that it could rip it apart again."—*[Official Report, Business Rate Supplements Public Bill Committee, 20 January 2009; c. 46, Q199.]*

Of course, that is not the intention, but there clearly are concerns in the business community about that. We have a model in BIDs showing how positive relationships can be fostered and can deliver projects that respond to local need and ensure that everybody has a say in their ongoing management. If there was that model and it was successful for the local sorts of projects that bids deliver, we could adapt it to cover some of the bigger schemes that affect a wider area and which, it is hoped, the BRS could play a part in delivering.

According to the evidence from the head of the CBI's property group, if the business community were not consulted about a scheme, there would be considerable business unrest. The CBI stressed that it was imperative that businesses got the opportunity to work with local authorities to deliver real economic benefit to an area. A project delivery board would be exactly such an opportunity.

As I said, the new schedule sets out in a little more detail our initial thoughts about how the project delivery board might be formed and how it might operate. One concern that I am sure we all share is that we could create a body that does the same as other bodies, and duplicates—with all the waste of officers' and business people's valuable time and the costs that that would involve. We have therefore, for example, said that board members should not get any form of salary. That is the tone that we are trying to set: the board would be focused on delivery and would not necessarily have to meet regularly. It would, however, be a mechanism to ensure that everybody was involved in delivering what I hope would be exciting projects that would greatly improve areas, with benefits for residents and the business community.

Amendment 1 seeks to remove clause 19, which deals with when a levying authority has not given notice to a billing authority before the start of the financial year. The issue came up briefly in Committee. There is concern that billing authorities might have to respond very quickly. That could be an extra burden on them and cause problems for businesses and local authorities as they react. The amendment is to test the Minister's view on the issue. Surely things should be done in good time for the billing authority—in other words, by the start of the financial year so that the bills can go out together and there is no need for supplementary billing or recall of any bills. The business community would certainly welcome that. I am sure that the billing authorities, as distinct from the levying authorities, would also welcome it.

I am sure that the hon. Member for Bromley and Chislehurst (Robert Neill) will correct me if I am wrong about his amendment 16, which seeks to define and contain how money raised by the BRS is spent and to make sure that that happens according to the prospectus and that there is no prospect of its being used for other purposes. Furthermore, if a governing body were set up along the lines that I set out in new clause 1, the amendment says that the business community should be involved and sets out how that should happen. Amendment 16 is on lines similar to those of new clause 1, although I think that our new clause, which sets up a project delivery board, is a cleaner and, I hope, more defined way of doing things.

New clause 1 would improve the Bill in respect of the crucial element of business involvement. There is support in the country for the concept of a business rate supplement delivering an important local project, as long as everybody is clear about what the money is being spent on and everybody is signed up and willing to participate and has a continuing voice in the delivery of the project. I look forward to what the Minister has to say on the new clause, but I should say that I am minded to press it to a vote, should the Minister not agree to it.

**Robert Neill** (Bromley and Chislehurst) (Con): I have much sympathy with many of the remarks of the hon. Member for North Cornwall (Dan Rogerson). We debated the issue in detail in Committee and it goes to the heart of how we make the Bill work. My hon. Friends and I make no bones about our position on the Bill in principle: we think it a mistake to use the Bill to impose burdens on businesses, with the exception of Crossrail, in the current climate. That said, if the numbers are against us,

let us see what can be done to make the arrangement work better. That is why we are interested in the hon. Gentleman's proposal.

In Committee, I thought that the Government were not uninterested either; the Under-Secretary of State, the hon. Member for Tooting (Mr. Khan), replied in a constructive way, saying that he and his officials would consider the issue. The hon. Member for North Cornwall referred to the powerful evidence of Dr. Grail, whom Committee members from all parties regarded as one of the most impressive of a strong team of witnesses. I hope that the Department will find a way of taking the issue on board.

Furthermore, there is logic to the proposals, which go right the way back to the Lyons review, which was one of the drivers of the original proposal. It made a point about the importance of securing legitimacy and support from the business community. That works in two ways. The first, to which we shall come later, is the opportunity for businesses to have a genuine say by means of a ballot. The second, every bit as important, is the thought that even if there is a ballot—and I hope that there will be—things should not just stop there. Business has to have an ongoing involvement. There is a compelling logic to that; businesses have perhaps the largest stake in the success of a BRS scheme. They are ultimately the potential beneficiaries, but they are footing the bill at the same time. Furthermore, they are likely to have local and sectoral knowledge to bring to the discussion.

**Mr. Lee Scott** (Ilford, North) (Con): Does my hon. Friend agree that if something was going wrong with a project, the local businesses, because of their nature, would be the first to realise it? Involving local businesses could benefit the project.

**Robert Neill:** I absolutely agree with my hon. Friend, who makes a powerful point. I was a member of a local authority for 16 years and I worked well with excellent local authority officers. However, the fact is that the business man can bring an additional dimension that neither I as an elected member nor the officers were always in a position to bring. If the BRS or business improvement districts are to work on the basis of genuine collaboration between the local authority as a governing body and the business community, having that ongoing and structurally assured involvement is important.

Often the business person will spot something because of the nature of the culture that they are in; it might not be spotted by the elected officers who work in the administrative culture. That hugely powerful point should be taken on board. That is why we tabled amendment 16, which covers much the same ground as new clause 1, although there is an additional factor that I shall come to. Like the approach adopted by the hon. Member for North Cornwall, my approach will be influenced by what Ministers say they have been able to do to take the issue forward.

The point of difference between me and the hon. Gentleman is that his new clause might be a little too prescriptive in specifying the form of delivery vehicle that there must be. In some cases, the project delivery board might be the right vehicle; I can, however, think of some BRS schemes for which it might not be appropriate. That is why, both here and in Committee, I have deliberately cast my amendment in broader terms so that before a decision is made—and before the businesses vote, as I hope they would—the prospectus will set out how that ongoing involvement will take place. That will vary and should have the opportunity to do so, according to the nature of the scheme and the scale, place and sector involved. The point is that the information should be set out before the die is cast and the commitment to the BRS scheme is made. Sometimes, it may be done along the lines of the delivery board model, but not always, which is why I would like greater flexibility.

The other matter that I have added to the original amendment that I tabled in Committee relates to strengthening the requirements on the provision of financial information—an issue that became apparent during the evidence given to the Committee by several people. That provision would introduce an obligation to spell out clearly the moneys that are to be raised in pursuance of the BRS, and what they will be expended on.

1.30 pm

There was some debate in Committee about the definition of the purposes that BRS could be used for. We debated whether it was appropriate to go down the route of defining by exception, which is more or less the scheme adopted in the Bill. It says that the BRS cannot be used for X, Y or Z—broadly, other types of local service—but is otherwise silent about its application. The view of the bulk of the business community is that we should specify the categories of project that the moneys can be used for. The amendment would attempt to offer a middle way, and if we believe in localism and a ballot on such matters, the prospectus should set out exactly how people will be told, before they decide, what money is being raised and what it will be expended upon.

An ongoing, iterative process would be involved so that, unlike the current arrangement, it would not just be a question of giving a broad-brush outline of what the project would be, and how much the overall budget would be, including certain other budget heads. I am talking about a more iterative process—almost a report back—to keep in touch with the community on what the money had been spent on so far, and what had been raised. It is like the requirement on the board of a company to produce annual accounts. There would be an obligation to provide regular updating, which is in everybody's interest, not least the proponents of the BRS scheme because it is desirable to have the confidence of the business community, and of council tax payers and residents.

I do not have a firm view on whether we will press these matters to a vote, but we hope for a positive response from the Minister, and our judgment will be largely coloured by that. I hope that he accepts that these are serious issues—I am sure that he and his colleagues do so—which have not been introduced in a partisan manner, but rather as a result of the evidence that we heard in Committee.

**Derek Twigg** (Halton) (Lab): I shall make a few brief comments, particularly on new clause 1, because I want to save most of my remarks for the later group dealing with ballots. I pursued an argument in Committee about the changes in local government during the past 15 or 20 years, and the lack of trust. I am not sure whether the hon. Member for North Cornwall (Dan Rogerson) trusts his Liberal Democrat-run councils,

*[Derek Twigg]*

but I trust my Labour council to make the right decisions. It is a Labour council that has this year again had a four-star rating, and it has done remarkable work on regeneration and economic delivery in the borough of Halton and working more widely with Merseyside and Cheshire.

The new clause is over-prescriptive in telling local government what it should do. If I were to criticise what this Government have done over the past 12 years, I would say that we have sometimes been a bit over-prescriptive about local government. My right hon. Friend the Minister, dare I say it, took a different view in a number of areas about trusting local government and giving it some say in decisions. It is fine to legislate, and there must be safeguards; one of the safeguards in the Bill is that the Secretary of State can intervene if the procedures laid down in it are not being followed.

I feel that there is an in-built distrust of local government in this House, however, and a lack of willingness to give it more freedom to get on and deliver what many local authorities are already delivering through their tremendous economic development and regeneration policies. I believe that the new clause is over-prescriptive, and we should trust local government more. In these difficult economic times, I do not believe for one moment that local government will do something stupid such as putting businesses and jobs at risk in its own area. I do not think that that will happen.

**Dan Rogerson:** I was at great pains to say earlier that the relationship between business and local government has improved hugely over the past couple of decades, and that is absolutely right—I remember the hon. Gentleman making that point in Committee. However, we heard evidence in Committee from organisations such as British BIDs to say that the business improvement districts process, through continuing such engagement in a more formalised and recognised way, has been a positive step. The new clause seeks a similar mechanism for the BRS. Although there is a positive relationship in general, when we are talking specifically about an extra levy of cash on business for a specific project, business organisations, and BIDs, which represent everyone involved in those processes, feel that that is a positive model to use.

**Derek Twigg:** I do not disagree with the hon. Gentleman's comments on what was said during the hearings; powerful representations were made. Lessons have been learned from that process, and the way in which local government has responded, working through partnership and co-operation for the benefit of a particular area, has borne that out. That shows that local government is in such a mindset, and we come down to a particular principle.

I shall finish on that point. In many areas, local government is responsible for leading regeneration and economic development. It has come a long way during the past 15 or 20 years and we should trust it more. The new clause and some of the comments made by the hon. Member for Bromley and Chislehurst (Robert Neill) go against that grain, and I fundamentally believe that we should give local government more freedom. We shall no doubt come later to differences as far as Crossrail is concerned—what we want to allow for it, and what we do in the rest of the country. I believe, however, that we must give local authorities more freedom to get on and work locally. Lots of organisations are working together already, and there are already forums for such decisions to be taken by working in partnership. To be prescriptive about the type of forum concerned is the wrong way to go about things.

**Robert Neill:** Given the hon. Gentleman's point about the forums and procedures that exist to allow bodies to work together, what is his objection, as far as amendment 16 is concerned, to saying that the prospectus should set out how such working together should take place? Amendment 16 is not trying to prescribe a particular model; it is just saying that the information should be set out.

**Derek Twigg:** The hon. Gentleman makes my point for me. Why should we do that? In most areas—not every area—these forums already exist, or such co-operation is taking place, so I do not accept what he says. I genuinely believe that we would be telling local government how best to run its local area. I strongly feel that local government should be given the freedom to get on and deliver what is important, working with all the partners in the local area to deliver the sort of improvements that we all want.

**Mr. Mark Field:** The Minister will be aware from previous debates on this matter that I have perhaps a little more sympathy than one or two of my colleagues for the whole principle of business rate supplements. This is not the ideal year for the Bill. Had it been introduced a few years ago, those in my party might not have had the many understandable concerns that we have expressed, representing business interests, given the real financial and economic problems that are facing our businesses.

I fully support my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) in speaking to amendment 16, so I must express some opposition to the comments made by the hon. Member for Halton (Derek Twigg). I worry that the credibility of BRS schemes is crucial. There is a risk of such schemes, particularly the longer ones, seeming to be at quite a distance from the local authority. During what might be a 10 or 12-year scheme—a bigger type of regeneration project perhaps—a range of different councillors may be involved. A certain political party will be in office when a BRS scheme is put into place, and by the time it comes to fruition a different one might be in office. It is therefore all the more important that we have an ongoing input from business in the way that we have set out.

I agree with a number of the comments that have been made, although I have some sympathy with what the hon. Member for North Cornwall (Dan Rogerson) proposed. The notion of having a project delivery board, in the way he sets out, would be over-prescriptive and highly unwieldy. It would detract from what we are trying to achieve. The hon. Gentleman will forgive me if I consider the proposal in the context of Crossrail. How on earth could we have a project delivery board that would avoid being anything more than an extra layer of bureaucracy that left us open to a lot of confusion, if it were given a project of such size that it took into account the views of people from 33 different boroughs?

**Dan Rogerson:** I am pleased that the hon. Gentleman is exploring the matter and supports us on the general concept, although I appreciate that he is unhappy with some of the details of the new clause. We have been at pains throughout the process to point out that there is a distinction between Crossrail and projects in the rest of the country. Indeed, his own party has sought to do that as well. Although I believe that a mechanism could be found to ensure that local government and the business community in London are represented, we need to consider closely how the system will operate in other areas. We are considering a specific case in London, but the Bill may well be applied across the whole country.

**Mr. Field:** I appreciate that the Bill will not necessarily create fully fledged Crossrails across the board.

The hon. Gentleman made a comparison between the proposed business rate supplements and business improvement districts. I believe that we will return to that matter in other debates this afternoon. It is crucial that we draw a firm distinction between the two. My biggest fear is that by putting the Bill on the statute book, we will allow it to be used for small infrastructure projects that should be covered not by a BRS but by BID-type schemes. A BID works by being highly localised and highly focused, and by working for businesses that, as in my constituency, are often within a couple of roads or a small number of blocks of each other. Those schemes work extremely well, and having some sort of delivery board mechanism makes sense in the context of a highly localised scheme.

My concern, which is implicit in all the amendments in this group, is that no local authority should be able to say, "Right, we've now got our BRS scheme through and we do not need to bother with worrying about the concerns of business or anybody else for the next 10 or 12 years", or however long the project takes. That would be wrong, which is why I support amendment 16. Equally, we should avoid highly prescriptive man-management that would only provide a further level of bureaucracy and confusion. I hope that the Government will give some thought here and in another place to finding a way to ensure that the credibility of BRS schemes is maintained. I know that we will come on to ballots later this afternoon, but my biggest concern is that without some safeguard for business, there is a real risk that credibility will be undermined and the system will simply be seen as another opportunity for a cash-grab from the Government, rather than used for a specific purpose that benefits a business community in infrastructure terms.

**Mr. John Redwood** (Wokingham) (Con): I see the need for something that will satisfy the business community that a project is worthy and well managed, but I share the concerns of those who believe that imposing a board in every case might be difficult, inappropriate or unnecessarily bureaucratic. Under the terms of new clause 1, it is difficult to know who from the private sector side would want to volunteer to sit on such a board. We learn from new schedule 1 that there would be no remuneration, and we can imagine that in some cases the meetings would be long and frequent.

Anyone considering sitting on such a board would want to know what their legal duties and responsibilities were and what the consequences might be if something went wrong. Would it be a board in the legal sense, on which a director sits only if he is aware that serious legal duties and requirements are placed on him, and aware of what provision is to be made for officer insurance, professional indemnity and all the other things that anyone placed in that position of trust deals with? If so, that would represent a labour due imposed on top of the cash charge that the business community will be invited to expend. It is bad enough that a company will have to pay the tax, but worse for it to be told that it must put up some people to sit on the supervising board so as not to make an even bigger mess of the scheme. That would mean that they were invited to give of their time free, on top of having to give their money to the project in question. I see certain difficulties in that.

I assume that in line 3 of proposed subsection (1) of new clause 1, we do not need the word "to" twice, and that that is a typing error or misdrafting that could be dealt with.

New schedule 1 provides what support there is for the idea of the board, but it is quite slim. We are told in paragraph 6 that the board's functions would be specified by regulations. If that idea were to go any further, those regulations would be of great interest to the House, as they are where the meat of the system would be. Currently, we know nothing about the intended responsibilities, duties or legal requirements, the degree of surveillance required or the necessary reporting, accountability and so on.

1.45 pm

We learn from the new schedule that the members of the board are to be appointed in the following way. One third are to be representatives from the affected local authority; one can understand that. However, only one third are to be representatives of those paying—the affected local business community. The remainder—one's mental arithmetic might run so far as to say the other one third—are to be

"members appointed as thought appropriate by the relevant levying authority."

In other words, the authority seeking the money and imposing the tax on the local community could have two thirds of the board members. It could therefore win any simple majority vote and a lot of weighted majority votes up to the two-thirds threshold. That would give it effective control.

I am sure that the framers of the new schedule have it in mind that the local authority will be well disposed towards the local community and want people of independence and stature on the board. However, that is not what the new schedule actually says.

**Mr. Brian Binley** (Northampton, South) (Con): The objective of allowing scrutiny is to allay suspicion and fear. The appointment of the whole board would be in the hands of local authorities, some of which are very unpopular. In my area we currently have a Liberal local authority that is immensely unpopular. Does my right hon. Friend agree that suspicion would not be allayed if such power were invested in the hands of such an authority?

**Mr. Redwood:** Yes. I do not want to make this party political, although I have had experience of what my hon. Friend mentions, but a council of any kind could

*[Mr. Redwood]*

become unpopular. It might make itself unpopular by proposing one of the supplementary levies provided for in the Bill, no doubt on top of a large council tax increase at the capping threshold. Yet under the new schedule, local authorities would not just be given the power to have a third of the representatives and to choose the third who are perhaps intended to be more independent, although that is not stated. They would be given the power to choose the whole lot.

The business community might choose for the board two or three good people who, despite all the obvious aggravation and the lack of wisdom involved in sitting on one of these things, decided that they wanted to do so because there was a big project. The local authority would have every right to say, "No, we're not having them. We would rather have some friendly, helpful people who are of our political disposition or agree with us about this project", so that there would be no grit in the oyster and no challenge to how the project was going ahead. The new schedule reveals a weak system, which in certain circumstances would prevent the board from acting as an accountable body with control over costs and responsibility for better project management. If a local authority were determined to drive something through, against the interests of its electorate, it could do so. That is a great weakness in the system that is suggested.

We are told that a board would be established

"at the first instance of an initial prospectus being published for the imposition of an approved BRS",

and that it would continue for the whole period for which the BRS existed. That means that it would be a long task in many cases, and that, too, would make it more difficult to get people of good quality on the board. We are told:

"In appointing members to the Board the levying authority must have regard to the desirability of securing that the Board is able to perform its functions effectively and efficiently."

That is a very wide suggestion, and I do not believe that it requires a local authority to have much discipline in choosing people of substance who are likely to provide the critical analysis and accountability that we would like. We are told that everything else will be sorted out in regulations—doubtless, they are still to be drafted.

I therefore have more sympathy with the more wide-ranging amendment 16, in which my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) leaves open the question whether we need such a body, and correctly directs attention to the lack of accountability in the projects if we do not provide for some sort of mechanism. We are here, even at such a late stage in the Bill's progress, to tell the Government that there is a genuine problem of accountability. The system is unsatisfactory anyway, in that it enables the imposition of big levies on local communities in times of stress. If there is no proper system for engaging them and getting them to believe that a project is well run and that the expenditure is properly controlled, that makes matters far worse. Amendment 16 gives scope for the Government to make regulations under the Bill that might get nearer the mark.

I therefore hope that the Government will use new clause 1 as a prod and a stimulus to improve their Bill. I do not believe that it is quite right, for the reasons that I identified and for others with which I shall not delay House. Perhaps amendment 16 provides a way forward if the Government are willing, and if they are prepared to produce regulations to give some accountability under the law.

**The Minister for Local Government (John Healey):** We have now moved beyond the programme motion debate and back to the serious scrutiny that has been characteristic of the way in which all hon. Members who have been involved with the Bill have dealt with it. I shall try to respond in kind. I want to encourage the hon. Members for North Cornwall (Dan Rogerson) and for Bromley and Chislehurst (Robert Neill) to feel that they do not need to press either the new clause or the amendment that they respectively tabled.

Let me start by looking for common ground. I agree that it is important for businesses to feel confident about the running of any project to which the business rate supplement contributes a funding stream. It is also important that they are kept informed of a project's progress and of the costs that are incurred in running it. However, new clause 1 would over-centralise and is too prescriptive, as other hon. Members have pointed out. I intend to achieve the same end through much more flexible means.

I urge the hon. Member for North Cornwall to consider that, if the duty on levying authorities to set up a body to oversee the delivery of any project that was funded or part funded by a business rate supplement existed—even if that supplement were a small element of a much larger funding package, which would inevitably have its own governance arrangements—the authority would still need to establish a project delivery board such as he has described. Although I am with the hon. Gentleman in principle, a moment's pause suggests that, in practice, the new clause would be too prescriptive. It may not work in all circumstances, and the hon. Member for Cities of London and Westminster (Mr. Field) rightly asked whether we could imagine it working for the arrangements that are properly in place for Crossrail. The new clause is likely to blur the lines of accountability and could lead to less rather than more effective management of the delivery of any project linked to the business rate supplement.

The right hon. Member for Wokingham (Mr. Redwood) made an important point about the new clause. It specifies that the board should be a "body corporate", which has implications for those who would sit on a board. They may face the possibility of being legally liable and responsible for a project over which they have relatively little direct control. Ultimately, responsibility for such a project must rest with those who are put there to take it.

My preference is in keeping with the arguments that my hon. Friend the Member for Halton (Derek Twigg) presented. The levying authorities, clearly with wide local consultation, are best placed to determine the appropriate governance for a project. It is neither easy nor appropriate to specify that centrally. It should certainly not be done in of the Bill.

Amendment 16 attempts to introduce a similar provision more flexibly. As the hon. Member for Bromley and Chislehurst said, the delivery board model may not always be appropriate. He wants to ensure that the business rate supplement prospectus makes it clear how

those paying it can expect to be informed, especially about the amount of revenue that has been raised and how it is being spent. The Bill already provides for that. Paragraph 11 of schedule 1 requires levying authorities to make clear in their prospectus the way in which those liable for the supplement will be informed about the expenditure incurred on a BRS project. It also requires the authorities to set out how they will provide updates on the work until its completion. In other words, levying authorities will not be able to keep in the dark businesses that pay the business rate supplement.

Let me be clear and, by doing so, attempt to be helpful. We also expect levying authorities to consider how they will involve businesses in running any project that is funded or part funded by a business rate supplement. Indeed, in the draft statutory guidance that is out for consultation, we have made it clear that authorities should consider how they can involve businesses over and above the specific statutory consultation. Consultation on the draft statutory guidance closes on 17 April.

Amendment 16 is also too prescriptive. The message in the guidance is clear to authorities: it is important to ensure that those who pay the business rate supplement are informed and involved in running a BRS project. It also gives authorities the scope to determine what is appropriate given the nature of the project and the needs of the local community as well as the desire of local businesses to get involved.

As I said in Committee, consultation on the statutory guidance is under way and we have put down markers in it. I also made it clear to the Committee that we will consider the points that were made in the debate as part of the consultation.

**Robert Neill:** I am grateful for the spirit in which the Minister has approached the matter. I do not seek to be needlessly prescriptive and I am grateful for his comments on paragraph 11. I understand the intention behind his point about the statutory guidance, which is out for consultation, but what is the sanction if a levying authority does not come up with the goods under that guidance? We must give the business community some assurance that there is a fall-back and a sanction.

**John Healey:** The hon. Gentleman has a good memory and I am surprised that he has overlooked our detailed discussion in Committee about the provisions that set out the range of sanctions. Ultimately, the Secretary of State has the power to suspend a business rate supplement. Before that point, there is range of other potential interventions and sanctions, which we discussed.

**Robert Neill:** The Minister is generous, as always, in giving way. His response may help us crystallise our thinking about what we do. Does he envisage a position whereby the draft statutory guidance, once it is issued—I do not know what his time frame is or how it will fit in with considerations in another place—will set out how the business community is to be involved before a decision is made? I do not want to be unduly prescriptive, but does he understand that moving in and using sanctions is to shut the stable door after the horse has bolted? We want an assurance that people will be informed before they make a decision about a BRS.

**John Healey:** The guidance is statutory and authorities are therefore clearly expected to follow any terms set out in it, especially when it applies to the way in which they are expected to consider a case for a business rate supplement: consulting on the ideas and involving others, including potential BRS payers, in their preparation. We have published the proposed guidance in draft and we will update it after the consultation closes.

I have said that we will take into account the points made in this debate and in Committee in coming to our conclusions about the content of that guidance. I hope that the hon. Members for Bromley and Chislehurst and for North Cornwall will both regard that as a sensible and flexible but nevertheless clear and firm way of ensuring the aims that they seek.

2 pm

The hon. Member for North Cornwall said that he was testing my view with amendment 1, which would mean that levying authorities in two-tier areas would be able to levy a business rate supplement or vary one only from the beginning of any billing round in April each year. It will certainly be more efficient for billing authorities to collect the supplement at the same time as they collect business rates. That is why we want to encourage, as we are doing, any authorities to collect the supplement in order to do just that.

As the impact assessment that accompanies the Bill says, and as I explained in Committee, when the business rate supplement is collected as part of the annual billing round, the Bill provides for the costs of that collection to be met from the revenues of the business rate supplement. When the business rate supplement is collected as a separate exercise, the costs of collection would have to be met by the levying authority. There is therefore a clear financial disincentive to do anything other than make the collection part of the annual billing round.

The hon. Gentleman's proposal is unnecessarily restrictive—he is nodding, which I hope means that he would accept the general argument and not press amendment 1 to a vote. The risk is that if there were a minor delay—say, a month—in a project for any reason, including any reason not connected with the BRS, amendment 1 would require a whole year's delay before that project with the BRS element could get up and running. That is unduly inflexible and gives undue weight to administrative processes rather than to the proper delivery of the projects concerned.

In summary, hon. Members have ably made their arguments this afternoon. I hope that they will allow us to consider those arguments as part of the current consultation on the statutory guidance. We are concerned about the credibility of any BRS-supported project, as the hon. Member for Cities of London and Westminster urged that we should be, as well as about the delivery of those projects. The guidance is clear and so is our aim through that guidance. Our approach is more flexible than that proposed either by new clause 1 or amendment 16. It allows for arrangements that will properly inform and involve the business community, and BRS payers in particular. Our approach will also mean that any proper arrangements can suit the area, the project and the BRS scheme concerned. I hope that the hon. Members for North Cornwall and for Bromley and Chislehurst will not need to press their amendments to a Division.

**Dan Rogerson:** I am pleased to have prompted a debate about the issue, if nothing else, although I sense that there may be a range of views not entirely sympathetic to new clause 1.

*[Dan Rogerson]*

I am also grateful to hear the Minister's determination to ensure that wherever such a project goes forward, the business community will have a role in its ongoing delivery and in the oversight of it. As the hon. Member for Bromley and Chislehurst (Robert Neill) said, the intention behind amendment 16 is to ensure that that is the case. However, I have noticed a tendency in other Bills for things to be left to be clarified later. Although I sadly do not have the resources at my disposal that the Minister does to test every thought that I have and to ensure that everything is drafted as it should be, I wanted new clause 1 to make the Bill more prescriptive and say that there must be a body that formalises the business involvement in an ongoing relationship.

I was also seeking to look at how the BIDs model works. The hon. Member for Cities of London and Westminster (Mr. Field) is absolutely right that BIDs and the BRS will do different things in different places. However, as models for delivery, they provide us with a starting point. I am seeking to press for such a vehicle with new clause 1. The right hon. Member for Wokingham (Mr. Redwood) was keen to pick holes in new clause 1 and to look for areas of disagreement. However, I welcome the fact that he and all other Conservatives Members who have spoken are keen that there should be a safeguard for businesses, so that they can be confident that they have a role to play.

**Mr. Redwood:** I was not trying to pick holes in new clause 1; I was trying to say that we need a structure that will work. That is what we are groping towards, but it is a pity that the Minister did not tell us whether the schemes would normally be local authority-run schemes or private finance initiative or public-private partnership-type schemes. However, we have to build on whatever command structure is in place and have accountability and representation.

**Dan Rogerson:** I am grateful to the right hon. Gentleman for that clarification. However, I am concerned that amendment 16 may not be quite as reassuring to the business community, in that it still puts the onus on the local authority to come up with the means.

The right hon. Gentleman talked about the proportion of business people on the body proposed by new clause 1 being only a third. However, the project delivery board would look at the oversight of the whole project. The BRS is part of the finance package, so it would be unfair for the business community to form all or half of that body if its funding was less than that.

Were new clause 1 to be added to the Bill, it might require some clarification, perhaps through discussions in another place. I am seeking to get something in the Bill that sets out clearly that the business community will have a role in the ongoing discussions on how a project is delivered. We are talking about a long-term commitment, and the right hon. Gentleman said that it was unfair to expect the business community to take on that commitment. I have spoken to business organisations—for example, when looking at BIDs and other systems—and it is clear that they can usually find a way through their representative bodies to ensure that the business community's voice is heard.

Although I am pleased to hear that the Minister is looking at the issues closely and saying to local authorities in the guidance, "You need to show us how you're going to involve the business community," I am concerned that the nuclear option of the Secretary of State stepping in and saying, "You cannot proceed," will not be used in many circumstances. Given that that sanction will be used only in rare circumstances, there is nothing that gives me huge confidence that there will be a systematic way for the business voice to be heard in the ongoing management of a project.

I am grateful to hear what the Minister said about amendment 1. I accept that there may be a need in some circumstances to move beyond that flexibility, but he has put on record his determination that the standard practice should be for everything to be in place at the beginning of the financial year, so that everybody knows what is coming and can plan accordingly.

To sum up my response to this debate, perhaps my new clause 1 is not perfect, but the Bill, too, is imperfect. By seeking to divide the House on my new clause, I hope that we can improve the Bill slightly and leave it to colleagues in another place to tighten up the detail.

*Question put,* That the clause be read a Second time.

*The House divided:* Ayes 56, Noes 261.

**Division No. 62]** **[2.9 pm**

**AYES**

| | |
|---|---|
| Alexander, Danny | Leech, Mr. John |
| Baker, Norman | Llwyd, Mr. Elfyn |
| Baron, Mr. John | Moore, Mr. Michael |
| Beith, rh Sir Alan | Mulholland, Greg |
| Brake, Tom | Pelling, Mr. Andrew |
| Breed, Mr. Colin | Price, Adam |
| Brooke, Annette | Pugh, Dr. John |
| Browne, Mr. Jeremy | Reid, Mr. Alan |
| Bruce, rh Malcolm | Rennie, Willie |
| Campbell, Mr. Gregory | Rogerson, Dan |
| Campbell, rh Sir Menzies | Russell, Bob |
| Carmichael, Mr. Alistair | Sanders, Mr. Adrian |
| Clegg, rh Mr. Nick | Simpson, David |
| Davey, Mr. Edward | Smith, Sir Robert |
| Dodds, Mr. Nigel | Stunell, Andrew |
| Featherstone, Lynne | Swinson, Jo |
| Foster, Mr. Don | Teather, Sarah |
| George, Andrew | Thurso, John |
| Gidley, Sandra | Webb, Steve |
| Goldsworthy, Julia | Williams, Hywel |
| Harris, Dr. Evan | Williams, Mark |
| Harvey, Nick | Williams, Stephen |
| Heath, Mr. David | Willis, Mr. Phil |
| Hemming, John | Willott, Jenny |
| Holmes, Paul | Wilson, Sammy |
| Horwood, Martin | Younger-Ross, Richard |
| Huhne, Chris | |
| Hunter, Mark | **Tellers for the Ayes:** |
| Lamb, Norman | **Susan Kramer and** |
| Laws, Mr. David | **Mr. Roger Williams** |

**NOES**

| | |
|---|---|
| Abbott, Ms Diane | Baird, Vera |
| Ainger, Nick | Balls, rh Ed |
| Ainsworth, rh Mr. Bob | Banks, Gordon |
| Allen, Mr. Graham | Barron, rh Mr. Kevin |
| Anderson, Mr. David | Battle, rh John |
| Armstrong, rh Hilary | Bayley, Hugh |
| Austin, Mr. Ian | Beckett, rh Margaret |

Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Cleiland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Elman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

**Tellers for the Noes:**
**Ms Dawn Butler and Helen Jones**

*Question accordingly negatived.*

## New Clause 2

### BIDs: SUPPLEMENTARY PROVISIONS

'(1) The 2003 Act is amended as follows.

(2) After section 41 insert—

"41A Additional arrangements where business rate supplement imposed

(1) In any business improvement district where a business rate supplement under the Business Rate Supplements Act 2009 has been imposed, a property owner BID levy may be imposed on the owners of a non-domestic property, or a class of such owners, in the district.

(2) A non-domestic ratepayer who is liable to pay the BID levy on a hereditament is not liable for a property owner BID levy on that hereditament, and may not take part in a property owner ballot in respect of that hereditament.".

(3) In section 46(1) (description of non-domestic ratepayers liable for BID levy to be specified) insert at end ", and, where applicable, the description of property owners who are to be liable.".

(4) In section 49 (BID proposals) after subsection (2) insert—

"(3) A levy on property owners may come into force only where it is approved by a ballot of the property owners in the proposed business improvement district who are liable for the proposed property owner BID levy.".

(5) In section 50 (approval in ballot) after subsection (6) insert—

"(7) A property owner BID levy is not be to regarded as approved by a ballot held for the purposes of section 49(3) unless the two conditions set out in subsections (2) to (6) are satisfied.".

(6) In section 55(2) (regulations about ballots)—

(a) in paragraph (b) after "ratepayers", insert "and property owners", and

(b) after paragraph (h) insert—

"(i) enabling the billing authority to construct a list of all property owners in the BID area for the purposes of holding a property owner ballot and billing.".'.—*(Mr. Raynsford.)*

*Brought up, and read the First time.*

**Mr. Nick Raynsford** (Greenwich and Woolwich) (Lab): I beg to move, That the clause be read a Second time.

**Mr. Deputy Speaker (Sir Alan Haselhurst):** With this it will be convenient to discuss amendment 4, in title, line 3, after 'development;', insert

'to make provision about business improvement districts in consequence of the imposition of a business rate supplement;'.

**Mr. Raynsford:** New clause 2 concerns the interface between business rate supplements and business improvement districts. Although both relate to the promotion of the local economy, BIDs are different from BRSs in a number of respects, as the hon. Member for Cities of London and Westminster (Mr. Field) pointed out. In Committee we examined the differences between the two, highlighting the degree to which the BRS is more likely to support larger-scale, longer-term investment—including infrastructure—whereas BIDs have focused primarily on short-term improvements to enhance the attractiveness, commercial success and security of retail and commercial areas. However, there are similarities. Both are based on the principle of partnership between local authorities and business to promote the local economy. Both involve a levy on the ratepayer—who is the occupier rather than the owner of the property—on top of the normal business rate.

As the Minister responsible for overseeing the introduction of BIDs some six or seven years ago, I am naturally pleased that they have proved to be a success, particularly because—this is another feature common to both BIDs and BRSs—they were not uniformly welcomed when we introduced them. I recall the Opposition's hostility when we debated the local Government Act 2003. I hope that, just as with the passage of time they have come to recognise that their opposition to BIDs was misplaced, they will come to see over the passage of time that their current opposition to the BRS is also misguided.

Over those six years, there has been a significant growth in the number of BIDs and in their contribution to improving the economic performance of commercial areas in towns and cities all over the country. Dr. Julie Grail is the chief executive of British BIDs, the umbrella body for BIDs throughout the country. During one of our evidence sessions at the beginning of the Bill's Committee stage—I join the Members who have rightly emphasised the value of those sessions—she told us that 76 BIDs were now operating throughout the country, nearly 20 of them in London.

BIDs can be set up only after a yes vote on a dual-key basis by all the businesses that will be liable for the levy. They are also subject to periodic renewal ballots. The key issue that prompted the new clause was the fact that 14 existing London BIDs are due to be subject to such ballots within the next two years. At precisely the same time, business rate payers will begin to face the business rate supplement for Crossrail. Not surprisingly, Dr. Grail and many others who have been involved in the successful development of BIDs fear that when confronted with both the BRS for Crossrail and the ongoing cost of supporting their local BID, some business rate payers, particularly in difficult economic circumstances, will conclude that they cannot afford to continue to support the BID.

**Angela Watkinson** (Upminster) (Con): How can participating businesses agreeing to the establishment of a business improvement district know the extent of their future liability?

**Mr. Raynsford:** One of the arrangements that has applied throughout the evolution of BIDs is a proper procedure for defining the objectives of a BID and the level of contribution that will be expected before the proposition is put to a vote, so that when business rate payers come to vote, they will know whether they are receiving value for money. That is a well-established arrangement, and all who are experienced in the way BIDs have operated know that it has proved successful. When businesses feel that a BID will enhance the value of their area, they are likely to vote yes—and, as Dr. Grail pointed out, they have done so in 76 areas.

**Angela Watkinson:** Does that mean that when the initial objective has been met and a new project has been proposed, the participating businesses will be entitled to another vote?

**Mr. Raynsford:** I am sorry if the hon. Lady did not entirely follow what I said earlier. As I explained, the BID legislation provides for renewal ballots every five years, which means that a BID must submit its proposal to the business rate payers who contribute to it every time it seeks a renewal of its status.

Unlike the BRS for Crossrail, which relates to a single, albeit very large, project, BID schemes usually involve a variety of different arrangements. A scheme may be intended to improve security, perhaps by providing additional policing to enhance shoppers' safety in a retail area. It may involve environmental improvements to make an area more attractive to visitors, or transport improvements to make it more accessible. It may involve promotional work to attract people who would otherwise not be aware of what was available in a shopping centre.

It is entirely up to the BID body itself to decide on its programme. However, that programme must be set out in advance of the first ballot, and when it is due for renewal the BID will be required to set out its programme for the following year. There is a well-established procedure enabling the parties invited to contribute to BIDs to know what they would be getting, and to say either yes or no to it in a ballot.

Although BIDs have generally been successful and are widely seen as such throughout the country, and although the improvements to the local economy which they support are rather different from those supported by the BRS—which, in the case of London, will support the hugely important Crossrail scheme—there is a real risk that, following the introduction of BRSs, several BIDs that are due to be subjected to renewal ballots in the next two years will not survive. That, in my view, would be a very unfortunate consequence. The purpose of my new clause is to find a solution that does not pit BIDs against BRSs, or put either at risk.

The new clause addresses the problem by returning to an issue that has been debated long and hard since BIDs were first introduced: the contribution that might be made by property owners in bid areas to support activity from which they stand to benefit considerably. The BID model was originally developed in north America, where the contributions from the business side come from property owners rather than occupiers. In adapting the model to United Kingdom circumstances, in which business rates are levied on occupiers, we concluded that the BID levy should also apply to occupiers. However strong the argument was for imposing the levy on landowners—and we received forceful representations from many quarters, including property owners who felt that that was right and equitable—it would have required the establishment of a wholly new register of commercial property ownership throughout the country so that property owners could be balloted in the first place and the local authority could subsequently impose the levy, assuming that there was a positive vote. Not only would that have imposed significant cost burdens on local authorities, but it would have been a major bureaucratic exercise and, crucially, delayed the implementation of the BID scheme. At the time, there was a real appetite among the business community, town centre managers and many others to get a move on with BIDs to ensure that the benefits that many saw would come from the establishment of BIDs could be achieved.

2.30 pm

**Mr. Brian Binley** (Northampton, South) (Con): I understand the thrust of the new clause and I have some sympathy with it. However, my concern is twofold. First, if the property owner is liable for the BID, at the next lease review is not the cost likely to be placed on the lease? The business user is therefore likely to face the cost anyway. Secondly, how does this relate to accounting? If there is a BID in one town but not in another, the cost may increase in one town but not in another. However, competition between the two may be keen.

**Mr. Raynsford:** If the hon. Gentleman bears with me, he will hear precisely how I believe that the introduction of an owners levy in parallel with the occupiers levy—not as an alternative—will help to avoid the problem of costs being passed from one to the other. In addition, the concept of a BID is entirely compatible with the concept of local democracy. Local communities should be free to decide to do things that they think will enhance their area. Obviously, they will take account of the competition issue. If the businesses in one area do not think it will be to their benefit, they will not vote for it. It is entirely a matter for local decision, and in this case the vote comes from the local business community.

**Mr. Mark Field:** I am sure the right hon. Gentleman agrees that one of the most important tenets of any tax, to make it as efficient as possible, is certainty. Presumably that was one of the issues when six years ago it was determined that BIDs would not go down the route of a levy on property owners. How much evidence is there on the certainty of property ownership? Often it will be difficult to get the money from offshore companies. In introducing the new clause, has he given any thought to how that problem can be overcome?

**Mr. Raynsford:** The hon. Gentleman raises a pertinent point. I am going to address that in detail later in my speech, so if he will bear with me, I will come back to the point, which is relevant and has exercised people. I should stress at this stage that it was not so much a problem of certainty that deterred us from introducing a property owners levy as a basis for BIDs when BIDs were introduced. The obstacle was the cost and time involved in creating a register throughout the country, which would have been necessary, when there was no certainty that BIDs would receive positive votes anywhere. There could have been a lot of abortive cost. Now we are in a different situation, as I will explain.

The Government took the decision, and I do not in any way resile from it, in 2002-03 to proceed with the BIDs on the basis of an occupier levy that could be easily and quickly implemented on the basis of the existing business rates register. At the same time we encouraged the concept of voluntary contributions from property owners to supplement the levy on occupiers, so as to spread the burden and ensure that owners had an involvement and were not excluded from the BID. That has worked reasonably well in a number of BID areas, but not everywhere. It has worked to a considerable degree in key retail locations such as London's West End, in the area including Regent street, Oxford street and Bond street, which has a BID: the New West End Company, which has been very successful. It has an annual BID levy income of £2.5 million from property occupiers, but it receives an additional £900,000 a year in voluntary contributions from property owners, so the contributions from owners represent about 36 per cent. of the levy income.

**Mr. Field:** It is probably worth making the case that there is one very large landowner in that area: the Crown Estate. Under the scheme that the right hon. Gentleman is envisaging for BIDs and the BRS, property ownership would be much more disparate, at least at freehold level, which would make it far more difficult. He clearly recognises that the New West End Company may have certain benefits and advantages over many of the other 76 BIDs.

**Mr. Raynsford:** That is absolutely right and I am not making my case solely on the basis of the New West End Company, but I am using it to illustrate how a levy

*[Mr. Raynsford]*

has been supplemented by a voluntary contribution from the property owners. However, even there, as I will explain, there are problems.

Dame Judith Mayhew Jonas, who heads the New West End Company, was part of a group of interested parties I was pleased to have the opportunity to take on a delegation to meet the Minister just last week. During the debate that we had on the subject in Committee, he offered to have a meeting with representatives of British BIDs, individual BIDs and the British Property Federation. We had that meeting and I am grateful to him for making that opportunity available. It was a constructive discussion. Dame Judith highlighted a number of weaknesses with the voluntary contribution system. First, it is unstable and unpredictable. Whereas the BID levy is fixed for the full five-year duration of the BID before it comes up for renewal, voluntary contributions can be cut off at any time. Given the significance of the sums—£900,000 a year in the case of the New West End Company—that makes forward planning and budgeting much more difficult.

Secondly, although current owners may commit to a voluntary contribution, there is no guarantee that their commitment will be taken up by their successors if property changes hands, and BIDs are concerned that income is reducing from voluntary contributions as a result of insolvencies and change of ownership.

**Mr. Redwood:** Is that not the point? All these schemes were dreamed up in a totally different world of rising property prices, rising rentals and strong tenant demand. In a world of crashing property rentals, many voids and falling asset values, it seems that it is no longer appropriate to try to extract the added value when value is being subtracted.

**Mr. Raynsford:** On the contrary. The right hon. Gentleman will know the importance of major infrastructure investment such as Crossrail to the long-term health of the economy of London. He must be aware that, were we to lose confidence and cancel Crossrail, which would be the implication of not proceeding with the Bill, that would have a devastating long-term impact on London's reputation and its economic viability. It is precisely because it is necessary, even in difficult times, to help to support appropriate investment that will help our economy and business, that such arrangements are necessary.

British BIDs has told us that income from voluntary contributions in the Heart of London, another central London BID, have reduced by 34 per cent. in its first three years, so there is a risk of declining income through change of ownership. Thirdly, there is growing resentment among the owners who are making voluntary contributions at what they rightly see as freeloading by other property owners in the BID area who get the benefit of the work of the BID without having to make any contribution. For all those reasons, there is a strong case for revisiting the option of introducing a property owner levy in BID areas. That is given added urgency by the introduction of BRS, which, as I have emphasised, could threaten the survival of several BIDs.

To overcome the objections, notably the cost and time necessary to compile a national property owners register, which prevented this being undertaken when BIDs were introduced, the new clause would apply only in very limited circumstances: first, in areas where BIDs have already been established; and secondly, in areas where a business rate supplement has been introduced. In effect, therefore, the new clause, if it is accepted, will apply only in the early years of business rate supplement within the London area, where there is the only BRS scheme that is likely to be ready to start from 1 April 2010. Even when BRS is picked up in other parts of the country, the provision will apply only in those areas where there is both a BID already in existence and where the BRS scheme is to be applied.

The provisions in the new clause are permissive; they do not require the imposition of a property owner levy. They allow it in circumstances where the existing BID company, board or governing body—I wholly take the point about the need for flexibility in such arrangements, which we debated under the previous group of amendments—decides that it is in favour of pursuing this, subject to exactly similar balloting arrangements as apply in the case of a property occupier levy. In other words, there must be a double-key ballot: a majority vote among the property occupiers and, for the owners levy, the majority of owners voting yes along with the majority of rateable value. Essentially, there has to be support from both large and small-scale occupiers or owners to ensure success. One cannot simply load a cost on to others. That safeguard has worked well in the case of BIDs, and the new clause provides that that should be applied equally in the case of the owner levy.

**Angela Watkinson:** I am listening to the right hon. Gentleman most carefully and I think I understood him to say that owners will not be able to offload the additional charge on to occupiers. Is he not concerned that occupiers will pay their additional charge as occupiers and then may be required to pay again when the owner transfers the equivalent sum, or recoups the cost, in additional leasing or renting charges?

**Mr. Raynsford:** That is very much the point raised by the hon. Member for Northampton, South (Mr. Binley) and perhaps I will come to it now. I wanted to get to a relevant stage in what is necessarily a rather complex presentation of the new clause.

The proposal would allow the BID company or board to decide what it required in the way of a budget over a period and then to decide whether it wished to seek an apportionment of the cost between property owners on the one side and property occupiers on the other. It should not be required to do that. In my view, it should be equally permissive, with separate ballots to be held of owners and occupiers. Dr. Julie Grail has given evidence, to which I shall refer, from Scotland to demonstrate why flexibility is probably a good thing, but if there is a decision to apportion the cost between the two, the proposition will be put to both the owners and the occupiers that they should meet a set percentage of the agreed budget, which will be set in advance. Both parties would know at the outset what share of the total budget they would meet and what the financial implications would be.

**Mr. Binley:** The right hon. Gentleman is most kind and I am very grateful to him for giving way. Can I get it clear in my mind? We have a BID in operation. If we introduce a supplementary rate, is the right hon. Gentleman suggesting that the levying authority would be able to

divide the element of supplementary rate between the owners and the occupiers, not exceeding the total of 2 per cent., or is he saying that we could levy even more money by including the owners of the property, while the occupiers would still have to pay both the BID levy and the supplementary rate levy?

**Mr. Raynsford:** I must apologise to the hon. Gentleman. This is complex territory and I am probably not explaining it as well as I should. The apportionment is purely in relation to the contributions to the BID. The business rate supplement—the main purpose of the Bill—would apply only to occupiers. There is no provision for the business rate supplement to apply to owners. My new clause would not change that. It applies only, as I thought I had stressed, to those areas where there are existing BIDs, in which it would be open to the BID board to work with the levying authority. I would hope that the two would work closely together; one of the lessons of BIDs is that close co-operation is crucial to their success. If the board were to propose an apportionment between the element of the BID that would be paid by the occupier and the element that would be paid by the owner, it would be free to do so.

2.45 pm

I said that I was in favour of flexibility; let me explain why. There will be some BID areas where the renewal ballot is perhaps not due for three, four or more years. The New West End Company only just had a successful renewal ballot at the end of last year. Therefore, there will be a period of almost five years before it is time for another ballot. If the new clause were accepted, there would be an option to set an owners levy within an area where there is an existing BID—the New West End Company is one—and where the business rate supplement is coming in. It might be decided that it was sensible to introduce an owners levy as well as the existing BID. It is right that there should be the flexibility to do that rather than saying that the board has to wait until the end of the current BID period, when there would then be the relevant apportionment and a proposal. It is purely a practical measure to allow a degree of flexibility.

The other point was whether the occupiers would end up paying more because the owners tried to offload the extra costs that they were bearing through a rent review. In the experience of most BID areas, probably only a very small element of the total costs would be part of a rent review, particularly because—as I hope I have now explained—the costs of the BID are being apportioned between owners and occupiers. It would be difficult for the owners to make a case to seek to offload their contribution on to the occupiers.

I would not be tabling the new clause if it had not received substantial support from property owners and occupiers, who believe that it will strengthen the BID's offer and make it more likely that BIDs will succeed. I am not proposing to impose something. I am making a proposal that commands the remarkable support of a large proportion of those involved, either as owners or as occupiers of retail premises in some of the country's most significant shopping areas.

**Mr. Redwood:** How much extra money does the right hon. Gentleman think would come in as a result of the change?

**Mr. Raynsford:** I tabled the new clause to provide an offset for property occupiers who currently have a liability to pay a BID levy and will also be affected by business rate supplement. The right hon. Gentleman will have heard me say clearly that I would leave it to the BID board to determine what the basis of the levy on owners should be and the amount it would seek to collect. I would expect it to be used to offset the contribution of occupiers; in other words, the extra contribution from owners would offset the liability of the occupiers, which would reduce their contribution and make it less burdensome to meet the additional demand of the business rate supplement. I cannot give an absolute guarantee on that because it would depend on individual circumstances. I hope that the right hon. Gentleman will recognise that that is necessary if we are to leave the control of these operations at a local level, with the board covering the businesses and the levying authority.

**Dan Rogerson:** On this aspect of the new clause, am I right in understanding that where there is an existing BID, there would be the possibility of this new provision being brought into effect, but that that would also automatically be discussed in any area where a BID proposal is currently still being worked on? That would provide a reassurance to businesses prior to a ballot in any new BID areas, as well as to businesses in an existing BID.

**Mr. Raynsford:** I have already made it clear that this provision will apply only in areas where there is an existing BID, and where business rate supplement is proposed. Those are the two areas that are covered. A new BID would not be covered, and the new clause may need to be improved to address that requirement, because there would be a logic in doing so. However, it also remains the case that the provision would not apply even in areas where there are BIDs unless there is a business rate supplement.

**Mr. Scott:** I wonder whether the right hon. Gentleman can provide clarification on the following point. In my neighbouring constituency, with which I have a connection through the main town centre of Ilford, a BID is being voted on at present. Would that also be included, or would it be counted as a new BID?

**Mr. Raynsford:** Even assuming that this new clause is accepted, the Bill still has to pass through Parliament. I do not know the precise timetable for the Ilford BID ballot, but if it is taking place soon, there will be an existing BID within Ilford when the Bill is passed. Therefore, it will be open to the BID, if it is successful, to decide to use this power, if it is available. That would be entirely permissive, however; the BID would not be required to use it.

Other benefits arise from focusing on areas where there are existing BIDs, which is why the new clause is framed in this way. On the whole, there is a good understanding of property ownership in such areas, because the BID itself has, as a matter of course, had to bring together the various business interests—the occupiers, because they are contributing, and the owners, because, in many cases, a voluntary contribution is being sought from the BID and it is necessary to know and understand who those owners are. I am assured by British BIDs as well as the New West End Company that they do not

*[Mr. Raynsford]*

think that in these circumstances it will be difficult, expensive or time consuming to compile a register of ownership in such areas. That was the primary obstacle to the introduction of an owners levy at the outset.

The second safeguard, which is absolutely crucial, is a minimum threshold contribution. If this were to apply across the board to all businesses, I could foresee certain difficulties, such as having to deal with very small pockets of land that might be held in ownership that it would be difficult to identify. However, it is a characteristic of most BIDs that contributions come from significant businesses within an area, and most small businesses in most BID areas are exempt. Therefore, the range of business ownerships that have to be identified will be less, and the risk of serious problems arising will also be less. I therefore believe that this is a practical measure that addresses the problem, and that does so without creating the kind of difficulties that deterred us from adopting an owner register and owner levy when BIDs were first introduced.

**Mr. Binley:** I thank the right hon. Gentleman for taking great steps to ensure we understand what is a rather complicated area. Let us consider a situation in which a business rate supplement is in being and a new BID is then mooted; does the right hon. Gentleman fear that the supplementary rate could make it much more difficult for a new BID to be introduced? Let me say to him at this point that I am a fan of BIDs, as I have said both on previous occasions and in a commission I had the privilege to head up for my party. Does he fear the concept of BIDs becoming less attractive because of this double whammy of costs, albeit split between property owners and property occupiers?

**Mr. Raynsford:** By definition, yes, because, as I have said, I think that there is the possibility of existing BIDs failing to get support in renewal ballots because of the imposition of BRS. It is precisely because of that that I believe it is right to address the long-standing problem of property owners not having had any liability to contribute towards BIDs. I believe that this proposal addresses that problem in a practical way, and that it will make it possible for people to see the case for continuing to support BIDs, albeit the occupiers will be contributing less because the owners will be contributing more as well as meeting the business rate supplement. I believe that, for all these reasons, there are very strong arguments in favour of the approach I advocate.

I have also been struck by the amount of support I have had from a very wide range of organisations. There is strong business backing for the introduction of a property owners levy. The British Property Federation has been closely involved in the preparation of the new clause, and it made clear the degree of both its support and business support for this approach at the meeting that my right hon. Friend the Minister for Local Government arranged a week ago. It is not every day that business welcomes the introduction of a financial levy, and the fact that business and owners' representatives were saying they welcomed this and thought it was the right way forward for BIDs is doubly telling.

We have also had a letter of strong support from the Mayor of London. It was sent to my right hon. Friend, and I would like to quote from it:

"Further to the Committee Stage debate on property owner involvement in Business Improvement Districts (BIDs) I am writing to express my full support for this measure.

Specifically I support proposals by the British Property Federation to amend the Local Government Act 2003 to allow a BID, where it wanted to, to make the BID levy mandatory for both owners and occupiers, and giving property-owners full rights of BID membership. Similar to occupiers, property owners would only be faced with a levy if a majority by number and rateable value had voted in favour of it.'

The British Property Federation, British BIDs, London BIDs, London First and other organisations have long argued that BIDs should have the power to decide whether or not to include property owners in BIDs. Currently, they are exempt from paying any BID levy. Many property owners have contributed voluntarily to BIDs. Other property owners benefit from the activities of BIDs but do not contribute to them. The Bill represents an opportunity to rectify this imbalance. Also this measure would be a helpful way of ameliorating the impact of the BRS on BIDs by spreading the levy across a wider pool of payers."

That is what the Mayor of London wrote, and I wholeheartedly agree with his views and hope his letter will lead a number of Members of the same party as him to believe that this is a splendid measure.

While reading the letter, I was very impressed by the Mayor's grasp of the complexities of the issue, because—as hon. Members will understand from my presentation, which has gone on for too long already—this is complex territory. On reflection, I came to the conclusion that the Mayor's letter probably owed quite a lot to the input of his chief of staff, the former leader of Westminster city council, who is not only an expert on local government, but was the leader of the council which has, I think, the largest number of BIDs of any authority in the country. Therefore, he is fairly expert in this matter.

**Angela Watkinson:** I have been following the right hon. Gentleman's remarks to the best of my ability. When business owners are consulted about a new BID proposal, do they have to give a unanimously positive response, or does there need to be a positive response from a certain proportion of those approached? What does "majority" mean, if there is to be a majority vote? If the proportions are 49 per cent. to 51 per cent. will the scheme go ahead?

3 pm

**Mr. Raynsford:** The procedure is the same as the one that applies to the property occupiers ballot. There has to be a numerical majority among the occupiers in the areas who will be liable to the levy and there has to be a majority according to the rateable value, too. It is a double key ballot that requires a majority on both counts before the levy can be imposed. That has worked extremely well with BIDs and it is strongly recommended by the business interests that are supporting the new clause as a similar safeguard for property owners to that which exists for property occupiers.

I hope that the cross-party endorsement of new clause 2, which is clear from the Mayor of London's support for it, will be reaffirmed this afternoon. It is a practical measure that addresses the short-term challenge of the potential adverse impact of the BRS on BIDs and the longer-term challenge of ensuring an equitable and sustainable funding base for BIDs. I have been greatly heartened by the degree of support that new clause 2 has attracted from all quarters, and I hope that my right

hon. Friend the Minister, if he is unable to accept it here and now, will be able to give us assurances that the Government will be prepared to amend the Bill in the other place to give effect to the intentions of the clause.

I accept entirely that details are needed about how the ballot and the dual-key safeguards will apply in practice. Complex issues will need to be clarified before the property owner levy can be introduced. We touched on several of those issues in the meeting that my right hon. Friend the Minister set up last week with the interested parties from BIDs and the British Property Federation. Dr. Julie Grail of British BIDs has prepared a very helpful paper on the subject. I accept her judgment that none of the details is a show-stopper and I feel confident that they can be dealt with in regulations to avoid any delay in incorporating the principle of a permissive property owner levy in the Bill.

We also have the experience of Scotland, where a property owner levy has been implemented as an option as part of the BIDs scheme. As British BIDs has pointed out, only two of the Scottish BIDs have chosen to apportion the levy between owners and occupiers, which reinforces the case for allowing the greatest flexibility in how the scheme is implemented area by area.

In conclusion, I commend new clause 2 to the House as a pragmatic response to a real challenge and as a measure that has secured widespread support from those concerned with improving the effective operation of BIDs and the longer-term objective of enhancing the economic competitiveness of our towns and cities.

**Robert Neill:** I am grateful to the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) both for having reintroduced his clause in a slightly different form from the one that we saw in Committee and for having returned to the issue, which is very serious and warrants significant consideration. Like hon. Members from all parties, I am grateful for the care that he has taken to outline the issue. It is necessarily complex and somewhat technical and, ironically, it is a good demonstration of how regrettable it is that we are constrained by the programme motion that was passed earlier. This one element of the Bill will take up a considerable part of Report, but that is necessary so we can get our heads around the detail.

Let us step back to the objective behind the new clause, on which I think I am in agreement with the right hon. Gentleman. This issue was flagged up to the Government at an early stage and they need to address it: how will we deal with the potential interaction of BIDs and the BRS in a way that does not place an undue burden on businesses? Some of us would perhaps not start from this point, but if we have that interaction we need at the very least to try to ameliorate the situation to the greatest possible degree. That is the issue that I want to see addressed.

If the right hon. Gentleman's formulation can be taken forward following work and tweaking, I hope that the Government will consider it sympathetically. I take on board the comments made by the Mayor of London. There is a lot more detail that we probably need to explore, and that might need to be done elsewhere, but I hope that the Government will respond seriously to the proposal. The assurance that my right hon. and hon. Friends and I want is that there should ultimately be no perverse consequence of such a provision, either through the total revenue take being increased through the back door or through some failure to pass on in practice, regardless of any good intentions, the offset of the owner levy to ameliorate and reduce the bid that comes down to the occupiers. If those concerns can be met, the proposal warrants consideration.

**Mr. Redwood:** Is that not the danger? In this climate, when there will be very little private finance for such schemes, will it not be very tempting for the BID organisations to say, "We can find another bunch of people and companies that have to pay too" and to simply ask for more money from the levy because they will get less money from elsewhere?

**Robert Neill:** That is precisely the risk. It concerns me with regard not only to the new clause but to the Bill in general. Local authorities as well the promoting bodies of BIDs will be tempted always to go down that route. It might be possible, with good will and work from all parties, for a solution to be found. I get the impression that the right hon. Member for Greenwich and Woolwich will not press his proposal to a vote today, but I hope that what I have said is of some help in concentrating minds on finding a way forward.

**Mr. Scott:** Does my hon. Friend share my concern that where BID schemes are being voted on an element of fear might be put into businesses—even though it might not be accurate—and that that might force them to vote the opposite way to how we might want them to vote? Like my hon. Friend, I am a great supporter of BIDs.

**Robert Neill:** My hon. Friend highlights one of the conundrums that the Government have created in their handling of this matter. I am prepared to learn from experience and see the advantage of BIDs. Given that we have a ballot for BIDs but do not have a guaranteed ballot for the BRS, the accumulation of the BRS plus BIDs plus other costs will ratchet up a fear factor and will also cause businesses to wonder where they can take some steps to cut costs, and because they cannot vote against the BRS they will vote against the BID. That will be a shame, because the BID will often be a desirable and worthwhile project. I think that the right hon. Member for Greenwich and Woolwich takes that point on board and we are all looking for a means to prevent that from happening. Perhaps it is work in progress at the moment, but that is why I have made sympathetic noises without committing to the detail. Avoiding the perverse incentive mentioned by my right hon. Friend the Member for Wokingham (Mr. Redwood) and others will be crucial in seeing that the provision delivers the results that are wanted in practice.

I have shown where I am coming from and I shall be interested to see how the Minister responds, because the issue needs to be dealt with. We had considered other alternatives at other points in the Bill, such as automatic offsets. I am not seeking to return to those alternatives at this stage, but the conundrum of the interaction has to be resolved and the Bill as drafted does not achieve that.

**Dan Rogerson:** I echo the comments made by the hon. Member for Bromley and Chislehurst (Robert Neill) in saying that the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), in tabling his new clause, has sought within the constraints of the Bill to revisit the BID system that he played a great role in

*[Dan Rogerson]*

introducing. As other hon. Members have said, it has proved to be a beneficial process and I am sure that it will continue to be so.

As was said at the beginning of the debate, there has been a conflict in the minds of business people who have been asked to consider whether they should support an ongoing BID in their area or whether they should be part of putting together a new BID when there is the prospect—as there is in London—of a supplementary business rate being levied, too. It has been clear to me from discussions that I have had with representative business organisations that the sort of approach that the right hon. Gentleman wants to take and that he is encouraging the Government to adopt represents a way forward. The British Property Federation, the representative organisation of the people whom right hon. and hon. Members are seeking to protect—that is, property owners—has been keen to point out that it supports this way forward. That reassures me, as I am sure it does other Members.

Inevitably, because we are not talking about legislation to revisit BIDs and widen their scope, the new clause is limited in scope. Therefore, I return to what I said in my earlier intervention on the right hon. Member for Greenwich and Woolwich: the proposal does not allow us to address the formation of new bids. As a result, there is a disincentive for a BID to be successful in the ballot and that would be unfortunate for the areas involved if they are also facing the prospect of a BRS.

When the Minister responds, I hope that he will explore these matters in more detail. Although my party supports the concept of a supplementary business rate where a ballot has been held to determine local approval—an issue to which I hope to return in respect of a later set of amendments—we would regret anything that called into question the benefits of a positive BID process, which will help a local area's residents generally, as well as its visitors, business community and property owners.

For those reasons, my party supports what the right hon. Member for Greenwich and Woolwich is trying to do. We very much appreciate the lengths to which he has gone to explore the matter fully, and to consult widely before our debate this afternoon. I congratulate him on his contribution and hope that, regardless of whether this new clause is accepted, we will hear about a way forward that will satisfy the concerns that have been raised.

**Mr. Redwood:** I, too, praise the right hon. Member for Greenwich and Woolwich for the way in which he spoke to his proposal. He has drawn the House's attention to a very important matter, and if some Ministers spoke to their amendments in similar detail and with similar concern for the House, we would have much better informed debates generally, and perhaps better legislation. *[Interruption.]* I am not referring to the Minister dealing with the debate today, but if he feels that my remark applies to him, I hope that he will demonstrate shortly that it need not do so. He certainly made no sensible contribution to the earlier debate on the allocate of time, but we live in hope that he might make a sensible response to the points that we are making about the Bill, as I believe he did in Committee.

I think that the right hon. Member for Greenwich and Woolwich is trying to paper over some cracks with this proposal. As a Minister, he was the architect and sponsor of the BIDs scheme, which has met with quite a lot of approval in the places that it has affected. It has been used in areas with councils of different political persuasions, often to good effect. However, he sees the danger that the supplementary levy will hit exactly the same people who are financing the BIDs scheme, at a time when the world has changed dramatically.

I am afraid that the Minister has to deal with the very important point that all these schemes—the BIDs idea, the supplementary levy and some of the other ideas that the Government have floated and not proceeded with—rested on the heroic assumptions that rents and property values would go up and that most properties would find tenants very easily. The idea was to try to capture, for the public sector and the common weal, some of the enhanced value that the private sector seems to create so easily. The aim, through the variation of levies and betterment charges and so on, was that some of the gain could be shared, as well as to provide public infrastructure and support to the glamorous private sector developments that were going ahead.

This is not the place to debate all that again. Indeed, I do not think that we can have that sort of debate any more anyway, because that is no longer what the real world is like. In today's real world, there will be fewer tenants and more void properties. Rentals are falling and could fall a lot further, while commercial property values have fallen some 30 per cent. from their peak and many experts feel that they will fall further. That is not a good background for doubling charges, and the proposed scheme looks like one that might have been designed by a firm called Clobber and Clobber. That is, an area is clobbered first of all with a BID, and then again with the supplementary levy.

**Mr. Mark Field:** My right hon. Friend is making his case very powerfully, and he is right to say that there was a sense that things would go from good to even better over the years ahead. However, does he agree that there is at least some mileage in the notion of value capture? Although I think that it is right for Opposition Members to stand up for our much-beleaguered business sector just now, does he accept that there is a risk that we are failing to put in place something that could be of use in the upturn? Provided that there are the safeguards that we have discussed, especially in relation to balloting, might not an idea such as the business rate supplement be the right way to find elements of the funding that will be needed as the economy moves out of recession, not least because of the value capture to which he and I have referred? I must add that I probably share his fears that the recession and downturn are likely to be part of the economic tableau before us for quite some time to come.

**Mr. Redwood:** I think that my hon. Friend and I can agree that the current situation is bad and will get worse, and that this therefore is not the time to introduce an extra levy.

3.15 pm

We are not at present debating the extra levy that is the subject of the Bill. Rather, we are debating a proposal from the right hon. Member for Greenwich and Woolwich that is designed to try to abate the consequences of that

levy. He has rightly seen that introducing the levy in the same area as a BID would amount to a double whammy, or something from Clobber and Clobber, as I have just described it. He has rightly asked himself, "How do I ameliorate that?" He has produced a positive suggestion, but within a framework in which the Government wish to take the risk of upping the tax burden in these difficult areas at a time when the business community is flat on its back.

The right hon. Member for Greenwich and Woolwich is asking whether it is possible to take some of the burden off tenants and put it on to the property owners. His suggestion has the agreement of most property owners, although quite a lot of important ones do not necessarily support it. In his ideal world, the tenants would have an abated total cost. They would still have a much bigger total cost, because they would have to pay the supplement imposed by the Bill as well as the BID, but there would be an abatement.

Not only did I think that the right hon. Gentleman spoke well to his new clause, but I gave him a fair hearing because he was trying to move in the right direction. Before I could possibly support the proposal, however, I would need to be satisfied that there would not be leakage in the way that my hon. Friend the Member for Bromley and Chislehurst suggested. My understanding is that a lot of local authorities, as soon as they see another group of people liable to pay a levy, will not decide that that allows them to cut the levy paid by someone else. Instead, they will think, "Whoopee! We can have a bigger levy! We have broadened the tax base and so we can have a bigger scheme."

Alternatively, authorities re-entering BID projects that are already up and running might understandably say, "We started this BID in the extremely favourable property circumstances of 2006 and 2007, when we though that the private sector would contribute a particular amount. However, we now discover that the private sector banks have been largely nationalised and cannot make the money available, and that the private sector players no longer have the profits to do so. As a result, we have to make good the shortfall—the amount that the private sector can no longer provide—out of public moneys. What a good idea the right hon. Member for Greenwich and Woolwich has given us. He has provided us with the answer, and we have another bunch of people to put a levy on."

**Dan Rogerson:** The right hon. Gentleman is setting out what is clearly a cautionary principle, and it is right and proper that we acknowledge it. However, at the risk of starting another debate about his view of how local government operates—as opposed to the one expressed by other hon. Members, especially the hon. Member for Halton (Derek Twigg)—I venture to suggest that the BID process is slightly different. The organisations operating the BID, which would therefore decide how an offset would work, include bodies apart from just the local authority. As the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) said, the BID would be operated by a wider group. That is certainly some reassurance to me, and I hope that the right hon. Member for Wokingham (Mr. Redwood) agrees.

**Mr. Redwood:** I accept that, and there will be some examples of good BID organisations that would not go down the route that I am setting out. However, the hon. Gentleman will accept that the local authority often starts with an important role in a BID organisation, or comes to play such a role, because it has the necessary public funding and staff. Local authorities in that situation are in some ways the continuity people. When the private sector is in a state of financial haemorrhage and collapse, it loses time, confidence, money and power in the BID organisations. Proportionally, the power and confidence of the public sector rises, and that is what is happening very visibly at the moment.

**Mr. Raynsford:** When the BIDs were introduced, some people in the business community expressed the fear that local authorities would simply substitute business contributions for their expenditure. I am pleased to say that actual practice on the ground has shown the business community to be pretty canny, on the whole. Its members vote in favour of BIDs only when they have been reassured by the local authority that it will continue and in some cases enhance its contributions to those areas. I would expect there to be a similar positive and constructive dialogue between the two parties in the context of the owners levy that I am proposing.

**Mr. Redwood:** I am sure that the right hon. Gentleman is right; he has more experience of BIDs than I do. There are many examples of such good practice, but I think that he would concede that what I am saying is possible. I am not saying that it would be a typical experience; I am sure that there will still be many good BIDs and that the business communities will stay fully engaged in many places, but he should not underestimate how much stuffing is being knocked out of the business community by the day-to-day pressures on cash flow, the collapse of turnover and the difficulty in getting access to banking facilities. That is sometimes going to make even the best of intentions among the business community difficult to carry through. Businesses simply will not have the time to do these things, let alone the cash, or the intellectual self-confidence, given the recent very destructive few months, which have hit them badly.

Like my hon. Friend the Member for Bromley and Chislehurst, who is leading for us on this issue, I am not ill-disposed to what the right hon. Gentleman is trying to do. If I felt that the words could mirror exactly what he wished to achieve, and if there were a cap on the ability to take extra money out of the community, I would be much more in favour of the proposal. I would like to hear the Minister's response, to see whether it might be possible to find a way forward. I hope that he will equally understand my concern—alongside those of the right hon. Gentleman—that at this juncture, above all, the main aim of the House should be not to take more money off the business community.

**Mr. Scott:** I want to elaborate a little on what I said in an earlier intervention, and I hope that the Minister will be able to respond to this point. Let us take Ilford as a prime example in relation to these measures. A BID scheme has been proposed, and Crossrail will also be coming to, and bringing great benefit to, Ilford. I fully support both projects, but some members of the community might not understand these proposals. They were eloquently explained by the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), but they would have to be explained to people to ensure that no one voted against the BID scheme purely because they were worried about

*[Mr. Scott]*

the business rate supplement for Crossrail, when both projects are so badly needed, especially at times such as these, to encourage people into the area, bringing more money with them and creating more jobs. Both schemes are therefore vital, and I hope that the Minister will be able to put my fears to rest.

**John Healey:** I am grateful to my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) for tabling this new clause. I pay tribute to him for the way in which he has prepared his case and pursued it, and not least for the way in which he has marshalled an impressively wide range of support for his proposal. It was a reminder to us all of why he is held in such high regard as one of my predecessors.

The House has already acknowledged, today and in Committee, my right hon. Friend's essential role in introducing the legislation that enabled business improvement districts to be established. Despite the reservations of some Opposition Members at that time, we have now had several years' experience of BIDs. There are more than 70 up and running in different parts of the country and I am happy to say that there is now all-party support for them, both here and in local government. The last thing we want to do is to undermine BIDs through the introduction of the BRS. The Bill enables authorities introducing a BRS to offset a BID liability against the BRS. This approach was based on our overall approach to the BRS. BRS is a new discretionary power for authorities to use, and it is consistent to allow the authorities to decide whether to use an automatic offset for BID payments, according to the needs of their area.

We have had a debate about automatic offsets in the earlier stages of the Bill, and I hope that we have now settled that matter. Even the chief executive of British BIDs, Dr. Julie Grail, made it clear that she was not necessarily advocating them. In our debates about offsetting, and in our general debates about the value of BIDs, it has become clear that offsetting might not be the only solution. It is also clear that there is some merit in involving property owners in business improvement districts on more than a voluntary basis. That case has been made again, in great detail, by my right hon. Friend this afternoon, and it is backed not only by BIDs but by leading organisations representing property owners, including the British Property Federation. It is also supported by the operation of exactly this arrangement in two areas of Scotland, where property owners are involved in BIDs in this way.

If we are to change the present arrangements—I want to make it clear that I am willing to do so—it is essential that we get these measures right. I am grateful for the encouragement by the hon. Member for Bromley and Chislehurst (Robert Neill) to look sympathetically at this approach, and I am grateful to the hon. Member for North Cornwall (Dan Rogerson) for his support for the approach that my right hon. Friend is taking and for what he is trying to achieve.

We have more work to do in ensuring that that measure would be optional for business improvement districts. We also need to do more work on determining how the arrangements for property owners would work alongside those for occupiers, and on putting in place a satisfactory mechanism for collecting BID levies from the owners of occupied properties. I would like to get this detailed work done, in close consultation with my right hon. Friend and with the organisations that are supporting him. If we can do this, as I aim to do, I will then look forward to having the support of both the Opposition parties for this approach, and for any amendments that we might table in another place.

I hope that, on that basis, my right hon. Friend will feel that I have accepted his case and captured the spirit of it. I am determined to do the necessary work on the detail, and I hope that he will feel able to withdraw his new clause this afternoon.

**Mr. Raynsford:** I am extremely grateful to my right hon. Friend for that most encouraging response. I fully understand the need for further work to be done, and I hope that, as a result of that work, some of the searches for reassurance that we have heard from Opposition Members will be satisfied. I genuinely believe that this proposal holds out the prospect of not only safeguarding the survival of BIDs when BRS comes in, but of providing a more sustainable basis for the future of BIDs in the long term. Across the whole House, we recognise that the BIDs initiative has been successful in helping to enhance our towns and cities.

I am extremely grateful to my right hon. Friend the Minister, and I look forward to working with him. I shall make myself available to do so whenever necessary. I know that the many bodies outside the House that have supported the approach set out in new clause 2 will also want to play their role in helping him to define a practical way of moving forward. I very much hope that he will be able to table an amendment in another place; I would see that as an important step forward. Given the assurance that I have received from him, I beg to ask leave to withdraw the motion.

*Clause, by leave, withdrawn.*

## Clause 2

### Levying authorities

**Robert Neill:** I beg to move amendment 5, page 1, line 17, leave out paragraphs (b) to (d).

**Mr. Deputy Speaker (Sir Michael Lord):** With this it will be convenient to discuss the following: Amendment 3, page 1, line 20, after 'Wales', insert ', and

(e) the National Assembly for Wales.'.

Amendment 6, page 2, line 1, leave out subsections (2) and (3).

Amendment 7, in clause 3, page 2, line 44, leave out paragraph (b).

Amendment 8, in clause 5, page 3, line 29, leave out subsection (2).

Amendment 9, in clause 5, page 3, line 36 [Clause 5], leave out subsection (4).

Amendment 10, in clause 28, page 17, line 42, leave out subsection (3).

Amendment 11, in clause 29, page 18, line 21, leave out paragraph (b).

Amendment 12, in clause 29, page 18, line 44, leave out paragraph (b).

Amendment 13, in clause 30, page 19, line 6, leave out paragraph (b).

Amendment 14, in schedule 2, page 23, line 26, leave out subparagraph (3).

**Robert Neill:** We return now to the issue that has been fairly central to some of the earlier discussion of the Bill—its extent. My amendment replicates one that gave rise to a major debate in Committee. We contend that in the current circumstances the introduction of a nationwide power to levy what is calculated, on any view, to be the better part of a £600 million potential tax burden on businesses is inappropriate and likely to be damaging to the overall interests of the economy. This is not to do with the overall intellectual arguments for or against business rate supplements; the fact is that often in politics practical timing is a key consideration. For reasons that were well rehearsed on Second Reading and in Committee, we believe that there is a real risk that local authorities will feel pressured to resort to this as a means of raising funding right across the board.

An exception to that relates to the Crossrail project in London. The amendment would limit the scope of the Bill to London—to the Greater London Authority, the top-tier authority, which it is proposed, together with its functional bodies, will carry out the Crossrail project. The amendment would limit the scope to Crossrail because the Mayor of London, who was prayed in aid in the debate on an earlier group of amendments, has made it clear that although he wishes to be given the power to levy a supplementary business rate in relation to Crossrail, he does not intend to use it other than for Crossrail, purely on the basis of saying, "Let's get Crossrail going."

As a London Member of Parliament, I agree with the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) about the importance of Crossrail to the London economy; I am conscious that it will have real and considerable benefits, and I am anxious to ensure that we do not impede its progress. However, there are differences between the Crossrail project and a nationwide roll-out of the scheme.

3.30 pm

**Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): I would be grateful if the hon. Gentleman could clarify whether his argument rests on a view that any project in London is bound to be more important than a project elsewhere; whether he trusts the Greater London Authority more than local authorities elsewhere; or whether he is merely arguing in this way because the Mayor of London happens to be a Conservative and it would be a bit embarrassing if Conservative Front Benchers went against his express wishes.

**Robert Neill:** The answer is, in fact, none of those things, as the hon. Lady might have discerned. Crossrail is a project where the funding package was agreed before the delivery of this Bill. There is a political consensus on Crossrail in London because the funding package, including the proposal to levy a supplementary business rate to fund an element of it, was announced back in October 2007 in advance of the last London mayoral elections. It was well debated and well aired in London, where there was a clear consensus of view that it was a desirable way ahead. All the principal candidates in London had stood on the platform of supporting Crossrail and the funding package—certainly the candidates from all three major parties, and I think the Greens as well.

First, then, the proposal was well established. Secondly—let us be practical about these things—the deal was done, and unpicking the funding package would put the project at risk, and I do not intend to do anything that would put it at risk. That is a world away from taking a specific done deal, as the Government have done through this Bill instead of enacting a simple Crossrail enabling or financing Bill to deal with that one project and using that as an opportunity to roll out a nationwide project by stealth. That raises the prospect of significant increases in the tax burden on authorities that have nothing to do with Crossrail and are in different circumstances, and where some of the other tests that should apply to ensure that there is sign-up do not as yet apply.

**Mr. Raynsford:** The hon. Gentleman will be aware, because he has referred to this already, that the genesis of the business rate supplement was in the Lyons review. When Sir Michael Lyons considered this, he was well aware of Crossrail. He did not recommend that this should be a specific funding mechanism solely for Crossrail, he recommended but that a business rate supplement should be available throughout the country. Why is the hon. Gentleman departing from Sir Michael Lyons's recommendation?

**Robert Neill:** Because in the current circumstances it would be wrong to do so. I will adopt, if the right hon. Gentleman likes, a classically Keynesian argument—when the facts change, I change my opinion; that was the view of John Maynard Keynes. My right hon. Friend the Member for Wokingham (Mr. Redwood) set out the facts very eloquently. It is not realistic, in the current economic climate, to place further tax burdens on businesses save in the most exceptional circumstances. I am prepared to regard Crossrail as an exceptional circumstance because of its national impact and the fact that there has been very significant debate beforehand. That does not apply elsewhere. For the reasons that have been well set out by my right hon. and hon. Friends, the inevitable cost pressures placed on local authorities in the current climate mean that this will be used as an additional form of revenue-raising regardless of the economic needs, and nobody desires that. That is why virtually all the business organisations have real concerns at the roll-out of a nationwide project as opposed to Crossrail.

The simple fact is that the world has moved on since it was thought that one could move fairly readily into the type of scheme that we are talking about. Under certain, different circumstances, and if carefully rehearsed, the scheme might be deliverable, but at the moment, if we embarked on a broad roll-out, it would, in our judgment, send exactly the wrong signals for business confidence. In the case of Crossrail, the issues are well rehearsed, and have been dealt with well.

**Mr. Mark Field:** I can see precisely what my hon. Friend is trying to achieve, and he is absolutely right about the cross-party commitment to Crossrail.

*[Mr. Mark Field]*

Notwithstanding the fact that he has had reassurances from the Mayor of London that the power would not be used for any project other than Crossrail, is there not some concern on our side that central Government may decide, on the basis that London is included in the Bill and everywhere else is not, that no big infrastructure projects whatever will be funded by central Government? Might there not be an expectation that the funding would have to come from those powers? Perhaps, therefore, we ought to be even more specific about the fact that the powers relate to one specific project, rather than to one geographical area.

**Robert Neill:** That point may be taken up elsewhere. My hon. Friend highlights an issue that underlines the fact that right, across the piece and in a number of areas, there has been a shifting of burdens from central Government to local government in one form or another. There may sometimes be arguments for that, but let us be honest about it. What we are really seeing is the potential for economic development moneys to be moved away from the central Exchequer to local residents and businesses.

The validity of my hon. Friend's point is reinforced by an interesting juxtaposition, which is perhaps wholly coincidental, although I do not think so. The Bill proposes giving local authorities right across the country the power to raise revenue from business for economic development purposes, and at the same time there has been a massive cut to the funding made available by central Government for the local authority business growth incentive scheme, which has been absolutely emasculated. It is interesting that the Treasury took away that money. The inevitable unwritten message was: "Sorry, local authorities; if you want those schemes to go ahead, you'll have to raise the money from your businesses, rather than getting it from us." That is ultimately a stealth tax, yet again.

**Mr. Scott:** Does my hon. Friend remember that in 2004, the then Mayor of London, Mr. Livingstone, addressed a meeting in the City, at which he clearly said, way before any Business Rate Supplements Bill had even been thought of, that a supplement would need to be put on business rates for Crossrail, should it be approved—it had not, at that time, been approved—and that it would be for Crossrail, and nothing else? Does my hon. Friend not agree that that only goes to show that the issue had nothing to do with party politics? The view was taken across the board.

**Robert Neill:** My hon. Friend is right. There were moments when the previous Mayor of London had flashes of insight with which I agreed. He genuinely attempted to hold his hand out to the business community. He was right to say that Crossrail was a one-off; it is a one-off, because of its scale and complexity, the sums that have to be raised, and its implications. I do not have any problem with saying that it should be treated in that way.

I know that Labour Members will say—I can see them working up to it already—that the measure somehow deprives other parts of the country of an opportunity. I have to say that if I were running a small or medium-sized business in another part of the country, I would not, in the current circumstances, welcome the opportunity to have more taxation placed on me through the imposition of a levy. Now, when businesses are going broke, is not the time to do that.

**Dr. Starkey:** I am seriously disturbed by the thread, which has run through almost every contribution from Conservative Members, of disdain for local government and local democracy. The Bill is not imposing burdens; it is giving local authorities a power that they can use if they deem it necessary. I wonder how the hon. Gentleman reconciles his disdain for local government and the way in which it might use the power in the Bill with his party's avowed commitment to greater localism. There is a total contradiction between the two positions.

**Robert Neill:** After 24 years' service in one form of local authority or another, I will not take any lectures from the hon. Lady about commitment to local government. We have been demonstrating that and putting our money and our mouths where our principles are, right along the line. I will not take any mealy-mouthed comments from her on that subject.

We believe in genuine empowerment. The hon. Lady ought to abolish the cap, for example, if she wants to give localism to local government. She could abolish the comprehensive area assessment, comprehensive performance assessment regime if she wants to give localism to local government. We will not take any lectures on localism from any Members on the Government Benches.

The measure has a ratchet effect. It gives a power to impose tax, but that is coupled with a reduction in central Government funding. It is a nudge, nudge, wink, wink suggestion whereby Government are saying to local government, "We can't provide funding any more because, thanks to the current Prime Minister, the national coffers are empty. You instead impose the cost of these desirable projects on to your businesses and your residents." That is what it is about, and that is why Labour Members protest so much—they know that they have been found out.

**Mr. Binley:** Does my hon. Friend agree that the Government clearly trust local government so much that they had to put a cap on the local rates applied in every district? They do not trust local government. That is the problem, and that is the point that my hon. Friend is making.

**Robert Neill:** My hon. Friend is right, as ever. I note his long service in local government and the practical job that he did as portfolio-holder for finance in his county council, when he attempted to deliver value for money for people in Northamptonshire. We do not just trust local government; we have been practitioners of local government for much of our careers, so we speak with practical authority.

**Mr. Raynsford** *rose—*

**Robert Neill:** I give way to the right hon. Gentleman, whose views on the topic I respect.

**Mr. Raynsford:** I am grateful to the hon. Gentleman for giving way. May I take him back to the last debate on my proposed new clause 2, in which he expressed a

certain level of support but argued that there had to be safeguards and, as I recall it, argued for a cap on the use of that power? Will he now reconcile that with what he has just said?

**Robert Neill:** Very easily. I did not use the word "cap". I said that what was required was a guarantee that the offset would be translated in practice. That is a very different concept, as the right hon. Gentleman knows.

**Mr. Raynsford:** Good try!

**Robert Neill:** It was a good try by the right hon. Gentleman, as well, but it did not quite come off. The simple fact is that those are two different concepts.

The Government have chosen to use a settled agreement in relation to one part of the country to impose burdens which, in the current financial climate—that point must be emphasised—have the potential to do real damage, rather than doing good. The Government did not necessarily mean that to happen, but it is a consequence of the financial mess that the Government are in nationally that they seek to transfer those burdens, and it would be a classic example of the law of unintended consequences that arises with so much legislation.

We want Crossrail to proceed. The best means to do that would have been to separate that off so that we could have had a separate debate on a more timely and relaxed basis about the appropriateness of rolling out BRS as a concept elsewhere in the country. That would have given us more time to consider the serious issues that the right hon. Gentleman raised, to which I hope we will still return. Nothing that has happened since has changed my view. That approach would have enabled Crossrail to proceed on a discrete and timely basis. I hope that we will take the amendment forward.

3.45 pm

**Derek Twigg:** I hugely enjoyed the speech made by the hon. Member for Bromley and Chislehurst (Robert Neill) as he tried to dance around the reason for his party's line on this issue. The Conservatives are finding it difficult to keep a straight face. As we all know, this is about the fact that Boris Johnson is the Tory Mayor of London, that London is of vast importance to the Tories—it is also vastly important to us, of course—and that they do not want to risk a ballot in case it went wrong for them. I do not think that it would, but they do not want to take the risk, because they could be seen as the people who scuppered Crossrail, which I accept is of immense importance to London and to the nation as a whole.

As the Minister who introduced Crossrail to the House, I was convinced of the argument for it. Obviously, it involves a significant amount of money. We would like more of that money up in the north, but I accept the reason for it. Like the hon. Gentleman, I am proud of my time as a councillor: I spent 16 years as one on my local authority. I appreciate that time and how it has influenced what I have done in Parliament. However, there is a clear bias here: it is okay for London, but not for the north. The argument seems to be that no scheme elsewhere in the country—I speak particularly from the point of view of the north-west—could qualify for such an exemption because it would not be on the scale of Crossrail. I find that argument bizarre.

The other argument is that things are too far down the road for them to change, that all the work has been done before and that there should therefore not be a ballot. That cuts no ice with me. I do not understand the argument, because it clearly does not stack up. I come back to the point that the issue is that there is a Tory Mayor and that the scheme is so crucial that the Conservatives do not want any risk to it. They are therefore prepared to forgo the principle for which they have been arguing in Committee.

3.46 pm

*Three hours having elapsed since the commencement of proceedings on the programme motion, the debate was interrupted (Programme Order, this day).*

*The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E),* That the amendment be made.

*The Committee divided:* Ayes 151, Noes 337.

**Division No. 63]** **[3.46 pm**

**AYES**

Afriyie, Adam
Ainsworth, Mr. Peter
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cormack, Sir Patrick
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorries, Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Horam, Mr. John
Howell, John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John

Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Hugh
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Swayne, Mr. Desmond
Swire, Mr. Hugo
Tapsell, Sir Peter
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim

**Tellers for the Ayes:**
**Bill Wiggin and**
**Mr. Stephen Crabb**

## NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byrne, rh Mr. Liam
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Levitt, Tom
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael

Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Oiner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Ward, Claire
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

**Tellers for the Noes:**
**Helen Jones and Ms Dawn Butler**

*Question accordingly negatived.*

**Mr. Deputy Speaker:** I have been advised that hon. Members seek a Division on amendment 16.

**Robert Neill:** On amendments 15 and 16.

**Mr. Deputy Speaker:** There cannot be a Division on amendment 15 because it is in a different group and has not been moved.

*Mr. Deputy Speaker then put forthwith the Question necessary for the disposal of the business to be concluded at that time (Starting Order No. 83E).*

## Schedule 1

INFORMATION TO BE INCLUDED IN A PROSPECTUS FOR A BRS

*Amendment proposed:* 16, in page 22, line 16, at end insert—

'11A A description of the arrangements by which persons paying the BRS shall—

(a) be kept informed of what monies have been raised in pursuance of the BRS and how they have been expended, and

(b) be represented upon the governing body of any organisation set up for the purposes of delivering the objectives of the BRS, or, if such organisation is not to be set up, how such persons are to be involved in the oversight of the delivery of such objectives.'.—*(Robert Neill.)*

*Question put,* That the amendment be made.

*The House divided:* Ayes 200, Noes 279.

**Division No. 64]** **[4.1 pm**

**AYES**

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cormack, Sir Patrick
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorries, Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hermon, Lady

Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howell, John
Hughes, Simon
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Younger-Ross, Richard

**Tellers for the Ayes:**
**Mr. Stephen Crabb and Bill Wiggin**

## NOES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John

Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

**Tellers for the Noes:**
**Mark Tami and Helen Jones**

*Question accordingly negatived.*

*Third Reading*

*Queen's consent signified.*

4.13 pm

**John Healey:** I beg to move, That the Bill be now read the Third time.

Through each stage of the Bill, I have been impressed by, and grateful for, the serious level of scrutiny by all Members—*[Interruption.]*

**Mr. Deputy Speaker (Sir Michael Lord):** Order. If Members are leaving, will they leave quietly and if they are not leaving, will they remain quietly?

**John Healey:** I welcome the degree of interest in the Third Reading expressed by those on the Government Benches. The level of serious scrutiny given to the Bill by Members from all parties is very welcome and is important to the House. We have benefited from the contributions of Members representing areas in the north and the south, Members representing both rural and urban constituencies and, indeed, those from London and from well beyond it.

The Bill introduces a discretionary power for upper-level local authorities and, in London, the Greater London Authority to levy a limited supplement to the business rate to fund projects intended to promote economic development. We are not imposing a new business tax; we are introducing a new power to allow local authorities—with serious safeguards for business—to raise some of the money that they need to boost their local economies. London is a leading example of that principle, and of the purpose of the new power. The business rate supplement in London will enable the Mayor to make good his commitment to an essential part of the funding package and allow Crossrail to go ahead. It will boost recovery in this part of the country and long-term growth in London.

**Angela Watkinson:** Will the Minister give way?

**John Healey:** I have only just begun my speech, but I will give way.

**Angela Watkinson:** That is generous of the Minister. I wanted to comment specifically on what he has just said about London. As he will know, the circumstances of the 32 London boroughs vary enormously. I am sure that outer- London borough councils such as Havering—which has received a central Government grant of £240 per head, compared with the average of £526 per head—will be tempted by the prospect of raising additional funds through the supplementary rate. The financial circumstances of such councils are very different from the circumstances of the councils in the west end of London to which the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) referred earlier, with their prosperous businesses. The outer-London boroughs tend to contain very small businesses.

**John Healey:** The hon. Lady is right to say that the circumstances of the London boroughs vary, but she may have missed what I said immediately before I gave way to her. In London, the authority with the power to levy the business rate supplement will be the GLA, not the London borough councils. This will not be a choice, or a power, that is exercisable by the hon. Lady's own London borough council.

*[John Healey]*

I recognise that the present difficult economic period makes it much harder for the House to deal with legislation of this kind, but it should also be recognised that, during such difficult financial times, there is a risk that investment and major projects will be sidelined because of short-term concerns. There is also a risk that we will retreat to a centralism that removes local discretion and flexibility, particularly when tough choices need to be made. Furthermore, there is a risk that we will not establish the powers and policies relating to skills, regeneration and worklessness that will be necessary both to see us through the current downturn and, more important, to enable us to make the most of the upturn that will follow.

**Derek Twigg**: Opposition Members have made the important point that businesses are under considerable pressure and stress and strain at present. We all know that that is the case because of what we see in our constituencies and the figures that we see in the newspapers every day. However—this is a point that I made repeatedly in Committee—are not local authorities an important part of the solution, and are they not also under great pressure in having to meet the extra demands being made of them? They are well aware of the pressures on business, and they are providing additional services to help people. It should be recognised that, because of the stresses and strains that they are experiencing, local authorities want to work in partnership with business rather than imposing extra burdens on it.

**John Healey:** My hon. Friend is right. He has made the same point at several stages during the Bill's progress. However, the Bill builds on a strong existing working relationship between local authorities and local businesses. My hon. Friend may recall that during one of the evidence sessions the director general of the British Chambers of Commerce, David Frost, told us that

"relationships between chambers of commerce and local authorities are extraordinarily strong".

As my hon. Friend says, the Bill provides an opportunity for authorities and businesses to plan major projects for the future. Such projects can contribute to the economic recovery and, more important, to the future long-term growth of areas, but it will take time for them to develop. If we are to channel investment to support the upturn and the success that will follow it, we need to make preparations now. Difficult as it is for the House to deal with the Bill at this time, it is part of the foundation for that upturn.

At each stage of the Bill, we have discussed the interaction between business rate supplements and business improvement districts, and at each stage concern has been expressed about business improvement districts. I am glad to say that our debates have confirmed that there is now strong cross-party support for BIDs, recognition of their success and a cross-party desire to protect them, where that is possible. We will no doubt return in the other place, following the debate on new clause 2 and the further work that I intend to ensure that we undertake, to the proposals of my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford).

Concerns have been expressed on behalf of business and by business. I understand those, but the BRS will not come out of the blue for any business in any area. Local authorities will work with their local businesses to create projects and to examine whether the BRS may form part of the funding for those. As I have said, that will build on the strong relationships between local authorities and local businesses.

We have been urged to go further in the Bill not just by those who gave evidence to the Public Bill Committee, but by the all-party Select Committee on Communities and Local Government and the all-party Conservative-led Local Government Association. They have argued for an increase in the threshold for the business rate supplement; for discretion for local authorities as to whether and when to have ballots on the introduction of a BRS; and for freedom to use BRS funding for purposes other than the economic development of the local area.

**Paul Farrelly** (Newcastle-under-Lyme) (Lab): We had a thorough discussion in Committee, but I still have a question about eligibility to vote on BRS schemes and whether the regulations might give local authorities flexibility to allow businesses that actually pay rates to participate, rather than those that are simply liable to pay a charge. On Second Reading, I used the example of a local Conservative councillor who operates three public houses in Newcastle-under-Lyme and who, over six years, has avoided paying business rates. He has not been disciplined in any way. The council does not respond to freedom of information requests but it has confirmed to me that, yet again, his businesses are substantially in arrears. Quite apart from the fact that an elected representative should set an example, my question is whether, in those circumstances, the regulations might give local authorities the discretion to say "You will not be able to participate and therefore influence a BRS scheme if you do not pay your business rates."

**John Healey:** Action by any business tax payer deliberately to avoid payment of the business taxes that they are legally liable to pay is a disgrace. When they fail to pay the taxes they are legally liable to pay, others have to make good that shortfall. Therefore, by doing that, they are spreading the burden of taxation on to others who can and will pay, rather than those who can pay but will not.

Concerns have been expressed among business about the financial implications of a BRS, especially at this time, and we have taken them seriously. We have built into the Bill a series of safeguards for business. For example, no business with a rateable value of less than £50,000 will be liable for a BRS. Any local authority that is looking to introduce a BRS can make that threshold higher and more generous still. There is also a requirement for statutory consultation with all affected business rate payers and ballots will be held if a BRS exceeds more than a third of the total cost of a project. Any authority that may levy a BRS also has the discretion to introduce a taper above the £50,000 threshold and to phase in a BRS over a number of years. In addition, if it thinks it appropriate, it has the discretion to exempt empty properties from a BRS.

**Mr. Binley:** The Minister is generous in giving way and it is appreciated. He referred to the £50,000 rateable value limit, but the Bill does not come into effect until April 2010, by which time we should have had a revaluation. I wonder whether he will give hope to small businesses by saying today that he would be willing to look at that figure, because if he does not, many more small businesses could be brought into the net.

**John Healey:** In effect, nine out of 10 businesses fall below a rateable value threshold of £50,000. If the hon. Gentleman has small businesses in mind, it is highly likely that they will be below rather than above that threshold. There is merit in consistency. We have set the minimum threshold at £50,000 and have been consistent on that. We are allowing local levying authorities to set a higher threshold if they wish and if the terms of the scheme suggest that that is right. Once that is in place and operating, there may be a case for looking at how it is working, including the question of the threshold. But it is important to be able to get this in place with a degree of certainty so that businesses can look ahead and know whether or not they are likely to be liable to pay the business rate supplement if, indeed, one is proposed for their area.

**Mr. Binley:** The Minister cannot tell me what the average rateable value will be and we know that the revaluation will be based on the peak property prices in early 2008. Also, rateable values descend as we move out from town centres. Many independent retail businesses in valuable properties in town centres are struggling to survive at the moment, so the level of the rateable value threshold is vital to them.

**John Healey:** I understand the reason for the hon. Gentleman's concern and the case he has made; he has made it eloquently in Committee as well. Equally, it does not change our stance. I do not wish to repeat myself and the hon. Gentleman can refer to the *Official Report* tomorrow.

The Bill has faced, and stood up to, extensive scrutiny in the House. The Bill sets up a limited but valuable and workable framework from which all businesses could benefit in the long term. I await with interest the debates and comments that we expect from the other place as the Bill passes through there. I commend the Bill to the House.

4.27 pm

**Robert Neill:** I was reminded of the earlier observations by my right hon. Friend the Member for Wokingham (Mr. Redwood) about the insidiousness of timetable motions. This substantial Bill has been debated constructively and positively, but the reality is that the operation of the timetable motion means that the Third Reading debate is such a truncated ritual as to be effectively meaningless. Perhaps we need to think about the values of parliamentary procedure.

We have sought to amend the Bill constructively. We accept its operation in relation to the Crossrail project—the one area where the debate became a little charged at times—but we are where we are. I hear what the Minister says and I pay tribute to him for the courteous way in which he and his ministerial colleagues dealt with the Bill and its detail. As always, it has been a pleasure for Front-Bench Members on both sides to interact on the Bill. That said, we remain unpersuaded that the particular situation of Crossrail justifies the roll-out of a power—albeit a discretionary one—elsewhere in the country. The particular economic circumstances make that especially inappropriate at this time. We should take on board some of the third party observations that were helpfully relayed to the Committee in its evidence sessions. The British Chambers of Commerce made the point that we cannot just look at the discretionary power in isolation. We must consider the business rate supplement in combination with the other burdens on business: the possibility of community infrastructure levies; in some local authorities, the possibility of congestion charging; and the possibility of workplace parking levies, which have to be taken into account in relation to BID levies. All of those together can create a potentially threatening mixture of burdens for firms in a difficult time. That is why we have concerns about the timing of the Bill.

I am not at all against giving local authorities incentives to assist in the generation of economic development. That is why I think it is ironic that we are introducing this discretionary power to charge businesses more at the same time as the Government have reduced drastically the funding available to the local authority business growth incentive scheme. That juxtaposition causes many of us to be very cynical about the ultimate motivation, particularly behind the Treasury's approach to the Bill.

Many businesses are struggling at present, and there are missed opportunities in that this Bill could have embraced measures to try to improve their situation. If there is to be a discretionary power to levy a business rate supplement, why not also use the Bill as an opportunity to give a discretionary power to levy a business rate discount? That would have won support in all parts of the House, and I am sad that that opportunity to bring some relief in areas of difficulty was not taken.

As my hon. Friend the Member for Northampton, South (Mr. Binley) pointed out, it is a pity, too, that opportunities have not been taken to address problems arising from a possible revaluation that may be based on data that are significantly out of date and out of alignment with the current and future economic situation. It would also have been useful if we had taken the opportunity to make small business rate relief automatic, and taken on board the proposals in the private Member's Bill of my hon. Friend the Member for Mid-Worcestershire (Peter Luff), especially as when the Under-Secretary of State for Communities and Local Government, the hon. Member for Tooting (Mr. Khan), replied to it on Friday, what he said suggested there was some sympathy for it. There is a sadness, therefore, in that this Bill could have done much more to address the needs of small businesses, but it instead focused on the national roll-out of a scheme that we do not think is appropriate for current circumstances.

Against that background, and given that we have limited time available, I will not rehash all the arguments that have been made. I hope, however, that when the Bill passes to the other place, the opportunity will be taken to pursue some of those issues on which it was agreed that improvements could be made and more could be done. I note in particular the new clause of the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), to which Members on both sides of the House were sympathetic, and I hope something can be done in that regard. I hope, too, that we can take forward constructively in the other place what we discussed on Report about the various models by which we can ensure that, if we are to have the BRS system, the business community is party not only to the early stage of its development, but the outworking of the Bill.

Although measures can be taken to improve the Bill, that does not alter the fact that we remain unhappy with it. We do not intend to vote against it on Third Reading in this House, but we now have to hope that local

*[Robert Neill]*

authorities will show forbearance by not exercising a power that could have unintended harmful consequences in the current circumstances. That is my concern, and that is why we have set out our caveats, and why we look forward to seeing what can be done to the Bill in another place.

4.33 pm

**Dan Rogerson** (North Cornwall) (LD): I agree that, as ever, the ministerial team, the civil servants and the Opposition Front-Bench team have conducted the debate and the flow of information in respect of the Bill very constructively, which has been most helpful. I also wish to place on record my thanks to three individuals who have helped me prepare: Beth Warmington, Alex Davies and Lucy Monks put a great deal of work into this Bill, as they have on many other things.

The Bill is a missed opportunity, in that there are some steps that have not been taken. We are very keen on the principle of allowing local authorities to explore whether this measure is appropriate in their area, which is why we were not able to support the Conservative amendment to restrict it to being a London-only measure. Sadly, however, given the time restriction, we were not able to have a debate about ballots, which is where we part company with the Government, as the Minister knows, because we believe that a ballot should be held in all circumstances.

**Mr. Scott:** Does the hon. Gentleman agree that balloting would be the most sensible way of engaging the business community and getting it behind and on side with all aspects of the Bill?

**Dan Rogerson:** Absolutely. I agree with the hon. Gentleman. I think that that has been the feeling of just about everybody on the Opposition Benches throughout the various stages of the Bill.

We feel that the Bill makes a useful contribution to the big task that local authorities will face, which, as the hon. Member for Halton (Derek Twigg) said, will be in advising and working with business and preparing for the reconstruction of local economies given the circumstances in which we find ourselves. However, we believe that local businesses ought to have more to say through a ballot and that they ought to have greater involvement in the administration of a project through whatever means the Government come up with. Of course, I should put on record the fact that my party supports Crossrail, although that has been almost a separate debate. For that reason, as well as because of our agreement with the principle behind the Bill, even if we have grave doubts about its operation in its current form, we will not oppose it at this stage and we will allow our noble Friends further to consider it.

I hope that when the Bill is debated in the other place, the Government will have a slightly more generous attitude towards giving way on some of the crucial issues, such as ballots. Perhaps they will revisit business involvement in ongoing oversight and, of course, the interaction with BIDs in order to reassure businesses that they can support BIDs as well as major infrastructure projects to which the BRS might make a contribution.

4.36 pm

**Derek Twigg:** I want to make a brief speech to finish what I was saying before the last vote. First, I completely support what my right hon. and hon. Friends on the Front Bench have said. They have been extremely good at listening to the arguments, taking on board the concerns, ensuring that there are safeguards in the Bill and listening to ideas about how they can further those safeguards. I congratulate them on that.

The Opposition are strong on saying that certain provisions are not great for business and that they will harm business, yet they produce no evidence that that is the case. I listened to what the CBI, the British Chambers of Commerce and other business representatives had to say in the Committee hearings and they made some strong points, but I was left with a disappointing overall view that we still do not trust local government. My experience on the ground does not match up with that. In my area I see a great deal of partnership working and working together to try to deal with the issues that challenge businesses and local communities, and I know that that happens in other areas, too.

A point was made earlier about the difficult economic climate and it is probably more important than ever that we consider the infrastructure and economic development needs of areas more strongly and in a more focused way than before. That means that the local authorities, with business and the wider community, should work together. I am arguing that local government has come a long way. It often takes the lead in regeneration and economic development and I am disappointed that the Opposition do not trust it. We should put more trust in it, given its track record and the enormous strides that it has made in economic development. Of course, the power is an enabling power. We are not saying that local government has to do anything and that is crucial to remember.

When the Opposition talk about a ballot, they are actually asking for a veto on these schemes for business, but the schemes do not just affect businesses—although businesses are being asked to contribute—but the wider community, too. I do not support a veto. I believe that what my right hon. Friend the Minister for Local Government said provides plenty of safeguards. Local government is vibrant and it has taken the lead in some difficult times. It is under additional pressures today, and I believe that it will do the right thing and work with business to bring forward the best possible schemes, which are sensible and logical, to help their areas.

*Question put and agreed to.*

*Bill accordingly read the Third time and passed.*

## Criminal Law

4.39 pm

**Mr. David Burrowes** (Enfield, Southgate) (Con): I beg to move,

That an humble Address be presented to Her Majesty, praying that the Penalties for Disorderly Behaviour (Amount of Penalty) (Amendment) Order 2009 (S.I., 2009, No. 83), dated 22 January 2009, a copy of which was laid before this House on 23 January, be annulled.

The motion brings to light, and to the House's attention, the penalties for disorderly behaviour. Without it, the Government would have got away with simply rushing a statutory instrument out a few days before their policy U-turn on the reclassification of cannabis, which went live on 26 January.

The order that we are considering fixes the amount of penalty for possession of cannabis and restates the existing penalties for other offences such as theft, shoplifting and criminal damage. To determine how we come to be debating it today, we need to head back to the heady days of new Labour in 2000, when on-the-spot fines for minor acts of disorder were the previous Prime Minister's big idea. He told the Global Ethics Foundation in Germany that thugs would be marched by police to cash points. Well, we all recall the response to that suggestion, which was soon revised.

**Keith Vaz** (Leicester, East) (Lab): Before the hon. Gentleman goes back to those heady days for the history of this matter, will he confirm that the Conservative party supports the reclassification of cannabis from a class C to a class B drug?

**Mr. Burrowes:** I am grateful for that intervention, as it allows me to make it clear from the outset that we wholeheartedly support the reclassification of cannabis. Indeed, we have always regarded possession of the drug as a class B offence, and we welcome the Government's U-turn in belatedly recognising the harm that it can inflict and its proper status as a class B drug.

The question at the heart of the motion is not reclassification, but how the class B offence should be enforced. Later, I shall say why the order that we are challenging will lead to a downgrading of enforcement, and explain why it will not ensure that we are tough on cannabis possession.

I do not propose to go too far into a history lesson, since we still have a globe-trotting Prime Minister, but I point out that penalty notices for disorder have changed. The notion of marching thugs to cash points was revised after only a few days to a recognition that the proper response had to be based on a fixed-penalty notice regime. Now, however, penalty notices do not apply simply to disorder. One would think that there was a clue in the title—after all, they are penalty notices for disorder—but the notices have been expanded to cover offences that go beyond what we would traditionally call disorder. They now apply to theft and other offences, including the possession of cannabis. It is the latter offence that is the main focus of this debate.

The list of offences covered by notices could well have been longer than the one in part 1 of the schedule to the order. The Government originally intended to add 21 further offences, including making off without payment and taxi touting. Was it that the Government changed the list only after careful consideration, to leave us eventually with the revised order now before us? No, it was not: the list was revised only after an uproar from representative associations that had not been consulted properly. I understand that there was also a conversation between the Justice Secretary and the Mayor of London the weekend before the order was due to be considered in Committee. It was those steps that led the Government to think again.

A hastily redrafted statutory instrument that covered cannabis only was laid before Parliament. The statutory instrument relating to the motion before the House today was revoked and revised, and the 21-day period required for proper scrutiny was abridged. I draw the circumvention of normal process to the attention of the House to highlight the Government's ham-fisted approach to that aspect of delegated legislation, and to expose the dangers of increasing out-of-court disposals.

The use of out-of-court penalties has grown out of all proportion, compared with the number of people coming before our courts. Across England and Wales, in the 12 months to last March, only 724,179 of the 1.4 million offenders "brought to justice", as Government-speak would have it, actually came before the courts. This has been described in various forums as "justice in secret", and as "duff justice" in a leader in *The Times* not so long ago. I would describe the practice as leading to soft justice. The House does not need to take my word for that, however. John Thornhill, chairman of the Magistrates Association, has said:

"It is crucial for the public to have an open and transparent justice system where victims and witnesses will have confidence that offenders are being dealt with appropriately".

To illustrate properly what is happening in our courts, and what would happen as a result of the statutory instrument that we have prayed against, I shall give the House an example of what has happened in Staffordshire. The situation came to light last August, when a letter was sent to all the magistrates in the county by the justices' clerk. It highlights the consequences of the increasing use of on-the-spot fines. It says:

"As a result of a reducing workload directly attributable to increased use of fixed penalties and cautions by the police and Crown Prosecution Service, a number of courts have had to be cancelled each week at each of our court houses...I am deeply concerned about the increased use by the prosecuting agencies of judicial powers but it seems that those powers are likely to be used increasingly given that they are a cheaper means of sentencing than by going through a judicial process."

**Keith Vaz:** Is the hon. Gentleman saying that the Conservative party is against fixed penalty notices? They can be useful in certain cases, and I am sure he would accept that the courts are pretty overburdened at the moment. Surely there are circumstances in which these notices have proved to be extremely useful.

**Mr. Burrowes:** The right hon. Gentleman will have to be patient if he wants to hear our position on fixed penalty notices. They certainly have a place. If penalty notices for disorderly behaviour did exactly what it says on the tin, and were issued only for minor acts of antisocial behaviour, as originally intended, we could see a rationale for them. However, we must challenge the Government over the way in which that rationale has been extended to cover additional offences, including the possession of cannabis.

**Mr. Humfrey Malins** (Woking) (Con): May I say from a personal point of view that I do not think that many of us have an objection to penalty notices for fairly minor matters, such as being drunk on a highway or depositing litter. I hope that the right hon. Member for Leicester, East (Keith Vaz) will take that point on board. However, I strongly differentiate those minor matters from offences such as possession of cannabis or theft, which are potentially very serious.

**Mr. Burrowes:** We can certainly draw that distinction. A case that recently came into the public eye was that of Ashley Cole, who was arrested for being drunk and disorderly and was fined £80. No doubt he was more affected by the £160,000 fine imposed by his club, but that area of offending illustrates the suitability of penalty notices, as their use no doubt relieves the burden on police time and helps all concerned.

A wholly different situation pertains in regard to other offences, however. Magistrates have contacted me, and the Magistrates Association has stated forcefully that there is ever-increasing scope for the notices to be used beyond their original remits. There is certainly a worry that they are being used more for administrative convenience than for the purpose of ensuring that justice is done and seen to be done. We know that it can be done properly in the magistrates courts, where summary justice should take place.

The burden on courts has been mentioned, but we should not assume that the expansion of the use of penalty notices will lead to a reduction of the burden on magistrates. The administrative burden is still there. Approximately half of all penalty notices for disorder are unpaid, and it is the magistrates who have to follow those cases through to try to enforce the payment of those unpaid fines. That is particularly relevant to this statutory instrument, and to the related instrument that the Delegated Legislation Committee considered in January. The explanatory memorandum to that statutory instrument stated that the costs of enforcement may be in the order of £1.5 million by year 3. On 22 January I asked the Minister for an assurance that the overstretched court budgets would be able properly to enforce the expansion of the penalty notice for disorder regime to cannabis. I repeat that question today and hope that there will be an answer.

The Government say that penalty notices for disorder are an appropriate penalty for possession of cannabis. They say, as the Minister did on 22 January, that they are an extra weapon in the police's armoury. They talk belatedly about being tough on cannabis, now recognising, as Conservative Members have all along, that cannabis is a harmful drug, and increasingly so given the high potency of the skunk varieties that are on our streets. They talk about wanting such possession to be robustly enforced. However, what is the reality behind this talk? Let us be clear that the use of fixed penalty notices for cannabis possession and the attraction, under the order, of a penalty of £80, is not a tough sanction. It leads to no criminal liability, and there is no admission of guilt and no criminal record.

The Government want to use penalty notices for several activities, including dog fouling and illegal cycling. How, in that context, can we consider them to be properly used for possession of cannabis?

**Mr. Douglas Hogg** (Sleaford and North Hykeham) (Con): It is surely more serious to use such a notice for theft or for giving a false report to the police, which in certain circumstances can amount to perverting the course of justice.

**Mr. Burrowes:** I am grateful to my right hon. and learned Friend. Indeed, such cases can also involve other offences or attract other criminal liabilities. That is why these offences are most properly dealt with in the magistrates court. Earlier today, my hon. Friend the Member for Vale of York (Miss McIntosh) introduced a ten-minute Bill that outlined the prevalence of shoplifting and the importance of its being dealt with other than as at present, whereby shoplifters, on repeat offending, are given penalty notices, which does not satisfy the victim and certainly does not satisfy justice.

Year by year, the Government have often treated criminal justice legislation as a messaging service when they want to sound tough, and it is no different in relation to cannabis. However, let us look at what enforcement really means. Often, the fixed penalty notice and £80 penalty is imposed not on an offender coming to the attention of the police for the first time but on a repeat offender. The Government have introduced what could be termed a "three strikes" policy for cannabis possession: strike 1 is the warning, strike 2 is the fixed penalty notice, and strike 3 is the arrest. However, the police will often struggle even to get beyond strike 1 because warnings are not being recorded. In previous discussions, the Minister herself has accepted that the position in many areas is hit and miss. With that first strike, we are in the realms of hit and miss. It does not give much confidence that the possession of cannabis will be dealt with robustly.

The computer system—PentiP—is not in place to be able to deal with the regime that the statutory instrument would have us enforce. It was due to be introduced in September 2009, at a cost of £9.3 million—an amount that has increased, as ever with such systems, to £19.3 million. We now have an indication that implementation will not take place until May 2012, yet in the recent debate the Minister said that the implementation date would be 2010. I ask the Minister once again to provide some reassurance on the implementation date of the computer system, because it is crucial that the warning be recorded if there is to be effective enforcement of the three-strike policy; otherwise, people can run up multiple warnings before a fixed penalty notice is deemed appropriate. Even if a person gets past the first and second strikes, let us not forget what we are left with at the third strike. It would effectively be a third offence, and would lead to arrest. That could involve prosecution, and the case could eventually go to the magistrates court, but it could simply mean a caution, or indeed no further action.

I do not wish to dwell today on the reclassification of cannabis; we have been consistent on that subject. The question for debate today is why, for possession of cannabis, enforcement should take the form of an £80 fixed penalty notice. Is that decision based on the prevalence of the drug? Is that why cannabis is to attract a fixed penalty notice? If that is the case, why does the policy not extend to ketamine, a class C drug that is increasingly becoming the drug of choice for young people? Is there a risk that the penalty notice for disorder regime will be extended to other drugs? Can the Minister provide a specific assurance that there will not be such an extension to other drugs, whether they be class B or class C? Would issues of prevalence, or any evidence that disorder was affected by the possession of drugs, lead to fixed penalty notice enforcement?

The problem with the statutory instrument is that there is a lack of evidence on the effect of the penalty notice for disorder. No doubt it assists the Government with their targets on bringing offenders to justice. No

doubt it relieves the police of some paperwork and saves some time. However, what is the evidence that it deters offenders and ensures that justice is done? The Magistrates Association has called on the Government to gather and publish evidence, and I invite the Minister to take up that call and to say where the evidence is to justify the expansion in penalty notices for disorder. Have the Government considered the efficacy of the enforcement regime for possession of cannabis in Scotland and Northern Ireland? They have ruled out cannabis warnings, and there is a presumption of prosecution.

The order before us is not just about cannabis. As hon. Friends have pointed out, it deals with other serious offences, including theft and criminal damage. As we heard earlier today, this year there have been some 295,000 shoplifting offences; that is 6,000 a week. The largest increase in the number of penalty notices for disorder issued has been for shoplifting. The number rose from 38,000 in 2006 to 45,000 in 2007. Will the Minister provide reassurance that the use of fixed penalty notices for theft will be limited to first-time offenders, as my hon. Friend the Member for Vale of York has suggested? When, as is often the case, there are underlying causes of theft, such as the need to feed an addiction to drugs or alcohol, will that lead to intervention by the court? The court is best placed to deal with an order for treatment to deal with those underlying causes. That opportunity would be completely lost if a fixed penalty notice were simply issued.

I now come to the issue of criminal damage. Did the Minister assess the impact of reinstating the penalty for criminal damage before hastily putting the order together? Has she assessed the impact on the victim? When a fixed penalty notice is issued, the victim does not benefit from the opportunity to receive a compensation order for up to £500 through a magistrates court. Does the Minister have any details of whether such victims have taken up the only opportunity left to them, which is to pursue a civil claim? Has there been any consideration of those victims, who say that they have lost the opportunity to get true justice through the courts?

**Mr. Hogg:** May I ask my hon. Friend to emphasise, too, the undesirability of using fixed penalties in respect of sale of alcohol to persons under 18? After all, it is an important part of the Government's strategy to abate alcohol misuse, which lies at the root of much other crime, especially violence. That being so, surely fixed penalties for the sale of alcohol to persons under 18 are disproportionate and unwise.

**Mr. Burrowes:** I am grateful to my right hon. and learned Friend. The Magistrates Association made a similar point about that offence, which is associated more often than not with violence, not being downgraded to a fixed penalty notice. It is important that we look at the rationale for each extension and whether there should be an extension. The concern that many share and which the Government have not answered is that the extension is designed to relieve administrative burdens, rather than to seek true justice in each individual case.

The order has been put together in haste. It is intended to meet the Government's policy U-turn on cannabis and to ensure that they have an enforcement regime in place, but it is an order that cannot be supported. That is the reason for the motion to annul the order. We cannot support what is, in effect, a downgrading of enforcement on cannabis. We cannot support an order that goes soft on proper enforcement or which further undermines summary justice and justice that should be administered primarily by a magistrates court, which is the public forum that is there for all to see, so that victims can receive justice and there is transparency. For those reasons, I urge the House to support the motion to annul the order.

5.1 pm

**The Parliamentary Under-Secretary of State for Justice (Maria Eagle):** I begin by trying to deal with some of the points made by the hon. Member for Enfield, Southgate (Mr. Burrowes). We can agree across the House that cannabis use is harmful. Cannabis is an illegal drug and should not be taken. It needs to be tackled through a comprehensive package of measures as part of a drug strategy that includes prevention, education, early intervention, enforcement—which is what we are dealing with—and treatment when that is necessary.

We believe that cannabis can pose a real threat to health. It can produce both immediate and longer-term harm to physical and mental health. For that reason, enforcement of the fact that it is illegal is an important part of deterring its use and trying to ensure that we minimise the harm caused to and by those who use it.

**Mr. Malins:** If the Minister's argument is right, why permit possession of cannabis to be treated by a penalty notice, which does not involve a criminal record and never comes to the notice of the court or anybody else? It is as though the offender has not done anything, if they pay the money. Why do that if it is important, as the hon. Lady says, to bring offenders into court for treatment?

**Maria Eagle:** I shall deal with that point. At present, the 2004 Association of Chief Police Officers' administrative arrangements on cannabis warnings for possession are in use. Any police officer catching somebody in possession has the immediate capacity and jurisdiction to arrest if the circumstances warrant it, but if it is simple possession with no aggravating features, he or she may take the view that some sort of warning is appropriate if it is a first offence. At present there is an administrative warning in England—a cannabis warning—which, anecdotally, has been used on more than one occasion.

The arrangements that we are putting in place through the order, part of which introduces a penalty notice for disorder for a second offence, create an escalation such that an individual who is caught in possession, in circumstances that the officer concerned considers appropriate, can receive a cannabis warning—an administrative warning—for a first offence, a PND for a second offence, and can be arrested for a third offence. This is a regime of escalation. I accept the importance of sending signals, as the hon. Member for Enfield, Southgate said. He called the measure a three-strike policy, but it is an attempt to escalate the consequences of being caught more than once.

**Keith Vaz:** What would the Minister say to the point made by the hon. Member for Enfield, Southgate (Mr. Burrowes)? He said that the first stage in the three-stage process—I think it a good process—is not recorded and therefore cannot be monitored.

**Maria Eagle:** That is a good point, as I have accepted in previous discussions. There are local arrangements within particular forces for making notes of such things. PNDs are now available, and can be issued for offences; that has been possible since 26 January, as the hon. Member for Enfield, Southgate said.

Possession of cannabis is a recordable offence and should therefore be put on the police national computer within 24 hours; that is the arrangement. That, of course, works only if a cannabis warning has already been given as part of the escalation. PentiP, the computer system that will record cannabis warnings and PNDs across England, will be in operation by 2010. Until then, we will rely on local forces' own, more informal recording of cannabis warnings. The PND would, of course, be recorded on the police national computer and there would be an arrest for a further offence of possession.

I remind the House, however, that every investigating officer uses his or her judgment at the time and in the circumstances. They certainly have the power to arrest for a first offence if there is an aggravating feature—if there appears to be an attempt to supply or if the individual is hanging around outside a school gate, for example. We want the individual police officer to exercise their professional judgment, and it is possible for them to arrest for a first offence.

**Keith Vaz:** I thank the Minister for the spirit in which she has addressed the point made by the hon. Member for Enfield, Southgate. Bearing in mind that she has accepted that it is important that we record the first stage, could she not speak to the Home Secretary about the matter? The Home Secretary could write to the chief constables of the 43 authorities and tell them that, in her view, it would be a good idea if they started to make sure that these matters were recorded in local notes. After all, we accept the sensible points made by the hon. Gentleman.

**Maria Eagle:** I am happy to talk to the Home Secretary, but I do not accept that these matters are not recorded locally, although I accept that there might be disparities in how well they are recorded and that they might not all be recorded as one would hope. By 2010, when PentiP comes in, we should have a more reliable, England-wide recording system.

**Mr. Hogg:** The Minister fairly said that the police have discretion to arrest and charge. However, does she agree that the fixed penalty is an easier option for the officer, who does not have to go through the arresting and recording process and subsequently, if necessary, go to court? There is therefore a real risk that the fixed penalties will be used by officers as an easy option and that appropriate prosecution will not follow.

**Maria Eagle:** We have to trust the professional judgment of the officers out on the beat. I would not expect them to issue a PND when there were aggravating features and the person should have been arrested.

**David T.C. Davies** (Monmouth) (Con): Will the Minister give way?

**Maria Eagle:** I will, but I will answer one point before taking another.

It is important that we trust the professionalism of the officer on the beat, who knows what they see in front of them. There is always a balance to be struck. Hon. Members often complain about the bureaucracy surrounding the police and the paperwork that they have to fill in. We have to be careful not to prescribe precisely what should happen in every circumstance. We have to trust the professional judgment of the officers concerned, and I am content to do that.

We are seeking an arrangement that will enable that officer to use their professional judgment, while enabling us as a society to show the escalating effect of repeated offences, which we have not had until now. That will allow us to make clear to those who continue to wander about in possession of this drug that that is not acceptable. After a certain period of time, certain leeway and certain warnings, they will be taken before the court and dealt with appropriately.

**Mr. Malins:** The Under-Secretary is being generous in giving way, and she is taking the argument seriously, which we all appreciate. However, given that a penalty notice apparently does not require an admission of guilt and does not result in any record of a criminal conviction, what will the position be in court when the magistrate or the district judge asks for a list of matters known against the defendant, which are vital in sentencing? Will there be absolutely nothing, or something?

**Maria Eagle:** As I said, the PND for a recordable offence is put on to the police national computer, and it will be known to that degree. Magistrates will be aware of the usual escalation and will be aware that there have been previous offences.

**Mr. Malins:** How?

**Maria Eagle:** As I say, because it is a recordable offence, the PND is on the police national computer. If these matters get to court, magistrates will deal with them in the usual way. *[Interruption.]* The hon. Member for Woking (Mr. Malins) is harassing me from a sedentary position, but those of us who have experience of the courts can say that magistrates are perfectly capable of dealing with matters that come before them, and of doing so in an efficient and sensible way.

There has been some concern about the level of the fine. The hon. Member for Enfield, Southgate said that £80, which is the level at which the financial penalty will be fixed under this order, was too little. I do not know whether this assists the House, but the average fine for cannabis possession in 2006 was just under £80, and just over £81 in 2007. The level of financial penalty will be about the same as the average fine when a case is taken to court, according to the latest statistics. I hope that that allays any concerns about whether the penalty is sufficient.

The hon. Member for Enfield, Southgate referred to enforcement, and the hon. Member for Woking knows that it is right that only about half of PNDs are paid, because he was nodding when his hon. Friend made his remarks. If they are not paid, they are increased by 50 per cent. and enforced as fines. I can tell the House that 85 per cent. of fines are collected, but I cannot disaggregate the percentage that started out as PNDs. There is a high chance that enforcement will follow, and one wishes that individuals who are subject to a financial penalty would pay it, and that the matter would be

enforced if they did not. Certainly, 85 per cent. is not a bad place to start, but we are always focusing on fine enforcement to increase that level.

We believe that PNDs offer a proportionate second step in the escalation process. Cannabis is the most widely used drug, and the PND offers a method of disposal that provides a greater penalty than simply an administrative warning—the cannabis warning that the Association of Chief Police Officers uses in England at present. It offers a disincentive to the individual concerned of a financial penalty to make them think about their behaviour, which a cannabis warning does not. If a person chooses not to pay the penalty notice, they remain liable to be convicted, and will be chased under the enforcement arrangements for the penalty that they have not paid. We therefore believe that penalty notices represent an escalation from the cannabis warning and a salutary and important suggestion to people that if they overstep the mark again, they will be going to court.

The hon. Member for Enfield, Southgate and the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) made points about the use of PNDs changing in respect of some offences. I accept that there has been a move away from using them simply for disorder, which is where their name came from. They now cover a variety of minor antisocial offences. The right hon. and learned Gentleman made the point that PNDs are used for some offences that sound too serious to be dealt with in that way. However, they are designed to be used only at the very lowest end of the scale of those offences. For example, in the case of false reporting to police, they are for abuse of 999 calls. One would not expect them to be used for such offences at a higher level. They provide an extra option at the lowest end for the police when they are trying to make use of the limited resources that are always available. There is never enough money for them to do everything that one would wish them to do.

The hon. Member for Enfield, Southgate asked how issuing fixed penalty notices can be seen as being tougher. The answer is simply that we are moving to an escalating arrangement whereby it will be made obvious to the person committing an offence that things will get worse if they continue to behave in the same manner. We trust in the professionalism and good sense of our police officers out on the beat to make the appropriate choice, in the circumstances that they find in front of them, about whether a penalty notice is the right way forward for a particular offender. Of course, they always retain the capacity to arrest if they believe it appropriate.

**Mr. Burrowes:** I hear the Minister's point about the important principle of trusting our police to make decisions, but have the Government made any analysis of whether the Scottish and Northern Irish devolved Administrations trust their police more? They allow them the discretion to refer people for prosecution rather than use cannabis warnings or the escalation arrangement that the Government want to introduce. Surely the position there is eminently preferable, as there is discretion to prosecute.

**Maria Eagle:** The point is that in Northern Ireland and Scotland, the administrative arrangements for cannabis warnings set out by the Association of Chief Police Officers have not been in place. If someone is caught in possession, they are therefore considered for prosecution. As all the lawyers in the House will know, being considered for prosecution does not necessarily mean that one ends up being prosecuted. Charges might not be brought, or there might be other reasons why a case does not end up before the courts.

On the financial penalty itself, as I have said, the average fine for simple possession offences in 2006 and 2007 was about the £80 mark that we have set for PNDs in the order. I cannot say that I have research to hand on whether public officials trust their courts and police more in Northern Ireland and Scotland. I will have to ask back at the Department a little later whether there is any such research, and if there is, I shall certainly point it out to the hon. Gentleman.

I hope that I have managed to deal with some of the points that have been made about the order, which the Opposition seek to annul. I hope that the House does not annul it, as along with the reclassification upwards, it forms an important part of the new arrangements for dealing properly and efficiently, but sensibly, with possession offences. Bearing in mind the fact that police retain the discretion to arrest for a first offence if they feel it appropriate, I hope that the House will agree that we should go ahead and ensure that the order is in force.

5.19 pm

**Paul Holmes** (Chesterfield) (LD): As we have heard, the reason for our being here this afternoon is a long story. The original statutory instrument, which was laid before the House in December, had to be withdrawn at short notice because the Government had not consulted about many of its provisions—for example, the one on taxi touts. Taxi touting was one of the 21 new offences that were included in that statutory instrument. As a result of having to withdraw it hastily, the Government introduced the order that we are considering, which relates specifically to cannabis as the only new offence of the original 21.

Penalty notices for disorder are, in principle, good policy instruments for several reasons. First, they save police time. The Under-Secretary made one of the standard arguments, which we hear all the time, about the amount of paperwork and bureaucracy that keeps police from carrying out their front-line duties and ties them up in the station. Using penalty notices for disorder in the appropriate circumstances is a great time-saver. I believe that it takes half an hour to issue a penalty notice for disorder, compared with a minimum of two and a half hours for a more detailed case if the police have to go down another route. That is a great advantage.

Secondly, PNDs help to avoid criminalisation. Again, that is welcome in the correct circumstances. I tabled an amendment to the Policing and Crime Bill, which has recently completed its Committee stage, that would have a similar effect. I proposed that local authorities could take similar measures against graffiti and fly-posting and use restorative justice, thus allowing the offenders to repair the damage that they had done and avoid getting a criminal record. Hopefully, that early shock would prevent people from going on to greater criminal activity. We support the principles of restorative justice and trying to avoid criminalisation at the first stage of offending.

*[Paul Holmes]*

However, PNDs are supposed to be used for only minor public order offences and minor antisocial behaviour offences, not serious offences. A concern about the original statutory instrument was that several of the offences were more serious than the minor offences for which the Criminal Justice and Police Act 2001 provided.

In principle, we support penalty notices for disorder, but we have doubts about how they work in general, and specifically about their use for cannabis offences. Where is the evidence base for the policy? Eight years have passed since the 2001 Act, which was extended in 2004 to bring children over 10 within its scope. Incidentally, I understand that, in the previous statutory instrument debate, the Under-Secretary said that PNDs would not be used for people under 18 who used drugs and that other Acts would apply in that case.

Some 400,000 PNDs have been issued in the eight years since they were introduced. After eight years, what do we know about their effectiveness? The Magistrates Association is sceptical about how far an £80 fine would go in deterring someone who was found selling alcohol to minors, presumably from an off-licence. How do PNDs tie up with other Government police policy, such as the Policing and Crime Bill's dropping the "three strikes and you're out" to two for licensees? If there are to be only two steps, where does the £80 PND fit in that sequence?

It appears that only 50 per cent. of the people issued with the notices pay. Where is the research into what happens next? What happens to the 50 per cent. who do not pay? How effectively are they pursued? Where is the research base to show whether PNDs work? As a first step, do they help to prevent people from being criminalised and reoffending? What are the reoffending rates? It appears—remarkably—that, eight years after PNDs were introduced, no research has been conducted to ascertain whether they are effective as well as widely used. In answer to a parliamentary question, the Minister for Security, Counter-Terrorism, Crime and Policing said:

"We have...no overall assessment."—[*Official Report*, 5 March 2009; Vol. 488, c. 1772W.]

For a Government who long ago proclaimed that they believed in evidence-based policy making, it seems strange that they should have neither the evidence nor the research to follow the policy through.

**Maria Eagle:** Some recent research has suggested that issuing fixed penalty notices has a positive effect, but the evidence would not be described as conclusive. More work needs to done to shore up the evidence base, but some research has indicated a positive impact.

**Paul Holmes:** I thank the Minister for that answer, which relates to one of my final points. I hope that the Government will commit to carrying out more research on the measure, which, in principle, is a sensible move when used in the right low-level circumstances. However, although we might believe that something is effective, it seems pointless to use it for eight years, 10 years or longer without checking whether it delivers the desired results.

The Magistrates Association, which has been referred to a few times, has quite a few concerns about the use of PNDs and about the order before us, although I do not quite agree with one of them. The association is concerned that magistrates can be sidelined where PNDs are used. As I have already said, that is in part one of the benefits of PNDs for low-level disorder. The hope is that PNDs will catch minor offenders—presumably first-time offenders—and thereby prevent them from being taken to court, being criminalised and getting a record. Sidelining the magistrates courts and keeping such people out of the criminal justice system at that point would be a good thing, if PNDs are used in the correct circumstances.

**Mr. Hogg:** What the hon. Gentleman is saying is in part correct, but there is a disadvantage in respect of first-time offenders, which was outlined by my hon. Friend the Member for Woking (Mr. Malins). If someone has a drug problem that underlies the commission of that first offence, they do not have the opportunity to have it dealt with by a criminal court, which can make the proper provision.

**Paul Holmes:** The right hon. and learned Gentleman is quite right; indeed, that is one of the points that I was coming to and it is also one that the Magistrates Association has made. I disagree with the Magistrates Association on the general principle of magistrates being sidelined by PNDs, because the whole point is to try to avoid criminalisation at the first, low-level stage. However, there are a number of cases where PNDs are used—there would have been a lot more had the statutory instrument been introduced in December—where that might be appropriate.

The example that the right hon. and learned Gentleman gave is exactly one of those cases. Does the use of PNDs for more serious offenders tackle the root cause? If a shoplifter is given a PND the first time they are caught and if the reason they are shoplifting is that they are addicted to alcohol or drugs and trying to feed their habit, giving them a PND, which they are probably not going to pay anyway because of their disorderly lifestyle, will not lead them to the kind of treatment that might result from a court order higher up. As I keep saying, PNDs have to be used in the appropriate circumstances for quite low-level offences, which was the original intention in 2001.

The Magistrates Association has expressed other concerns. One is that magistrates courts have a much better success rate in collecting fines than the 50 per cent. for PNDs. The association has also pointed out that magistrates courts are not funded by the Government for all the extra work created as result of having to deal with the fall-out from whatever proportion of the 50 per cent. who do not pay their PNDs are sent to magistrates courts.

Magistrates are worried that the Government intend at a later stage—although obviously not with the order before us today—to reintroduce some, most or all of the 20 or so more serious offences that were intended in December, which magistrates do not think are appropriate for PNDs. Those offences include throwing stones at trains. I could see that a PND might apply if someone is throwing a very small stone. However, if someone is throwing things of any size at trains, it does not take much of a leap of the imagination to see them throwing a brick through a window and killing a driver, which has happened at least once. That is not a minor offence.

There is therefore concern about what might be included at a future date if we move from minor offences to more serious ones.

There is some concern about inflexibility and the fact that the figure is £50 or £80, whereas magistrates can use a lot more discretion and judgment. However, that inflexibility is probably inevitable if we are looking for a quick and simple measure that police officers can use to avoid spending half their shift in the station filling out paperwork, rather than being out on the beat.

There are a number of concerns, then, about the way PNDs are working out in practice—or might be if they are extended in the way originally proposed—but the principle remains good.

Specifically on cannabis, there seem to be huge inconsistencies in Government thinking about the drug. Recently, and against all the scientific evidence presented to them—a point to which I shall return—the Government upgraded cannabis to a class B drug. Here, however, in this instrument, they are treating cannabis as a more minor offence that is suitable for a PND in the first instance. That is a complete contradiction: either cannabis is a serious class B drug or it is not, and no other class B drug is included. Ketamine, amphetamines and Ritalin are sometimes mentioned as drugs that can be misused, so why are they not on the list if the Government really believe that all class B drugs—now including cannabis—should be treated in a certain way related to how dangerous they are?

**Keith Vaz:** Did the Liberal Democrats support the regrading of cannabis from a class C to a class B drug?

**Paul Holmes:** I am sure the right hon. Gentleman knows—but I am glad to put it on the record again—that we did not because there is absolutely no evidence to justify it, as I shall explain more fully shortly.

**Maria Eagle:** Let me clarify why cannabis does not equate to other class B drugs in this regard. It is because although cannabis is relatively simple to identify, some of the other drugs that the hon. Gentleman identified have to be carted off and analysed forensically, so they are not suitable for a PND.

**Paul Holmes:** I am grateful for that, but some confusion remains. If we go back to the original debate on the statutory instrument in January, we find some discussion of different types of cannabis took place—there is cannabis, but there is also skunk, for example, and they are of very different strengths. After the seizure of cannabis on the street on a dark night, how can a police officer identify it at first glance and say whether it is skunk or a less strong and thus less dangerous form of cannabis? As I have said, considerable confusion is evident: is cannabis a class B drug or not, and is it to be treated as a low-level offence or not? The whole issue seems to be riddled with inconsistencies.

None of that is surprising, given the Government's approach to cannabis and their policy on upgrading it to a class B drug. The Advisory Council on the Misuse of Drugs, which comprises 31 scientific experts, including pharmacologists, psychologists and the whole range, is in a position to provide the Government specifically with expert and impartial scientific advice. It said overwhelmingly that there was no case for upgrading cannabis to a class B drug, but the Government went ahead anyway, just as they went ahead in the opposite direction by not downgrading ecstasy from a class A to a class B drug, which the same advisory council had said should be done.

This is not the way to make criminal policy or drug policy, as it is simply using legislation as a press release or as a means of getting tabloid headlines, which are a short hit with the voting public, but have no effect whatever on what happens in real life. We see a parallel example in the Policing and Crime Bill, which increases the fine for possessing alcohol in a prohibited public place. It is currently £500 and it is to be increased to £2,500, but nobody has ever been fined more than £250 and most people do not pay it anyway. It is pure grandstanding and pure headline making rather than serious criminal legislation or serious drug policy.

Many people were disappointed by the Government's decision totally to ignore the overwhelming scientific advice on cannabis. When the Phillips report on the BSE disaster was produced, there seemed to be a general acceptance among politicians and the Government that, in future, public policy should be based on proper scientific research and evidence rather than a political knee-jerk reaction and whim.

**David T.C. Davies:** I am grateful to the hon. Gentleman for giving way, but I think that we have sat here listening to this "cannabis isn't dangerous" argument long enough. If he feels that way, does he agree that it is disgraceful that barristers in courts of law often use their clients' dependence on cannabis as some sort of excuse for serious offences? If he thinks that cannabis is not harmful, does he agree that that should never again be accepted in a court of law as an excuse for breaking the law?

**Paul Holmes:** I am puzzled by that intervention. First, I have never said and never would say that cannabis is not harmful—in fact, I am going on to say just the opposite—and nobody has said that during the course of this debate. I do not know where the hon. Gentleman pulled that one from—certainly not from anything I have said. Secondly, dependence on cannabis should never be used as an excuse for wrongdoing in a court of law. I agree that barristers sometimes behave in a disgraceful way when arguing their case, but then I have never been a barrister, and have never had any desire to be one.

**David T.C. Davies:** Will the hon. Gentleman give way again?

**Paul Holmes:** No, not if the hon. Gentleman's intervention would be of the same standard as the previous one.

There is much to be said about the part played by facts and scientific evidence in the making of policy on matters as serious as drugs and criminal activity posing danger to individuals. Between 1998 and 2005, notwithstanding all the folk moral panics that the *Daily Mail* and others keep spreading, the number of instances of people being registered with doctors, psychiatrists and psychologists owing to problems such as schizophrenia were falling. We were told, however, that the number of cases of schizophrenic disorder were increasing because of the increase in skunk usage. The evidence suggested the exact opposite, but, as we have seen on a number of occasions, it was a case of "Don't let the facts get in the way of a good bit of knee-jerk posturing".

*[Paul Holmes]*

Following the decriminalisation of cannabis by the present Government in 2004, cannabis use decreased. According to all the knee-jerk posturing it had increased, but, again, all the evidence suggested the exact opposite—and again it was a case of "Don't let the facts get in the way of preventing sensible policy-making".

As for whether cannabis is dangerous, of course it is dangerous. Lots of drugs are dangerous. Aspirin is dangerous. Alcohol is dangerous. According to one member of the Advisory Council on the Misuse of Drugs, Professor David Nutt,

"Alcohol is more harmful"—

more harmful than cannabis, that is—

"to the population, certainly, and to the individual, possibly."

Alcohol is a legal drug, but, according to all the scientific evidence, it is more harmful than cannabis. People say that cannabis leads to harder drugs. It is 100 per cent. guaranteed that anyone who has ever taken a harder drug, although they may or may not have started with cannabis, drank alcohol before proceeding to harder drugs. People keep repeating a nonsensical theory of cause and effect. Of course cannabis is dangerous. Of course smoking cigarettes is dangerous, although at least it does not cause violent or antisocial behaviour. Of course alcohol is dangerous.

I have often been out on patrol with the police. If one asks what causes them the most problems during a typical working week out on the streets, they will say that, above all else, it is alcohol. Recently, when we were taking evidence during the Committee stage of the Policing and Crime Bill, I asked what substance needed most to be controlled. The answer was alcohol. Of course cannabis is dangerous—all drugs are—but we have a legal drug that is far more dangerous, and we treat it much more leniently than cannabis. Cannabis is less dangerous, but we treat it much more harshly.

**Bob Spink** (Castle Point) (Ind): I understand where the hon. Gentleman is coming from, but will he give an honest answer to this question? I do not know whether he has children, but would he allow his children to drink alcohol, and would he recommend the use of cannabis to them?

**Paul Holmes:** As one who has always found the drinking of alcohol more than enough of an issue—although at least alcohol tells people when they have had too much, because they start to slur, fall over and get headaches—I would not suggest that anyone should take drugs, illegal or otherwise. However, I do not think that that is the point. What we are discussing is the reality of the world in which we live. How can we deal sensibly with the misuse of drugs, whether or not they are illegal drugs such as amphetamines, ketamine, cannabis, heroin, crack cocaine, ecstasy and LSD? To me it seems self-evident that the sensible way to deal with such drug issues is to examine the scientific evidence and make rational policy based on it.

Why should we treat a drug such as cannabis, which the experts say is less harmful than alcohol, more severely than alcohol? That is illogical. I know that part of the reason is historical—alcohol has been around in western society for much longer than cannabis, and we are where we are—but that is no excuse for a Government of either party to keep digging themselves in deeper by ignoring all the scientific evidence on which they themselves have called, and then to say, "We'll ignore all that, because we must get a tabloid headline."

**Mr. Malins:** The hon. Gentleman is making plain to the House his belief that alcohol is more harmful than cannabis. Very well. He was asked a question earlier; let me now ask him to answer it in a straightforward way. If he had a daughter who said to him on a Friday night, "I propose, Daddy, to take three spliffs of skunk or three glasses of wine", which would he prefer her to take? Let us have a straight answer in the context of a family situation.

**Paul Holmes:** I would prefer the wine. I could sit around the table and drink a glass of wine with that person—I do with my children, two of whom are now adults. However, I do not think that that is particularly relevant to what we are saying.

I wish to quote one or two more people who know what they are talking about on these issues. Professor David Nutt of the Advisory Council on the Misuse of Drugs said:

"Some individuals do get unpleasant mental reactions"

from cannabis use

"but they are relatively small in number."

We can also say that quite a large number of individuals get an unpleasant mental reaction from the misuse of alcohol. He continued:

"We are not convinced that moving it to Class B with the possibility of five years' imprisonment for possession will have any beneficial effects",

but the Government went ahead anyway.

There has been a reaction from various bodies that work to help drug addicts and people with these huge social, personal problems. Transform, the drugs policy think tank that was quoted earlier, said:

"It's a decision that has been taken for political reasons, to trump the Tories' law and order agenda, rather than for any scientific reason.

Nobody is going to be put off smoking cannabis by the decision to reclassify it...cannabis can be dangerous to a few"—

I have accepted that it can be—

"yet two million people regularly smoke it—we should have a regulated and supervised market for it, rather than putting its distribution in the hands of criminals."

That is one end of the spectrum.

The independent drugs charity DrugScope said:

"We remain concerned that the government rejected independent expert advice...a worrying precedent has been set.

There is no evidence that moving the drug to Class B will of itself reduce levels of use, harm or availability nor is there evidence that the public wants to see tougher penalties for cannabis possession, particularly for young people.

*Cannabis is a harmful drug"*,

as I have said,

"and we do need to be vigilant. Using the classification system to 'send out a message'"

rather than looking at the real effect based on the science,

"is a blunt and questionable approach, particularly if it risks undermining...credibility."

To return to a previous example, I remember when I was a teacher, about 15 years ago. It was exam season and the 16-year-olds were off on exam leave for their GCSEs. One lunchtime a group of them were in a classroom. They had not been at school for a week or two, and I went in to have a chat with them. They were arguing. Three or four of the girls were berating one of their friends because that night after the exam she was going to smoke some cannabis with her friends. She was arguing, saying, "Tonight, you'll be out drinking lager in the town centre with all your friends falling over, vomiting and getting violent and shouting. I'll be sat having a chilled, happy chat with my friends at home not doing that. Which is better?" That was that 16-year-old's opinion some 15 years ago. As a teacher with 22 years' experience, I can say that 16, 17 and 18-year-olds are smart, intelligent and savvy. If someone tells them lies about the impact of a particular drug, they are not going to believe them. We must base policy making on sensible, rational approaches, and making cannabis a class B drug is not such an approach, as every bit of scientific evidence shows and as every group of experts who work in the field have said repeatedly.

There are a number of questions, all of which I have touched on. Will the missing 20 offences be introduced after December and added to the PNDs, in which case there will be some concern that PNDs, which are good in principle, are moving away from minor, low-level offences into more serious offences? Which is inappropriate? Will some violent offences be included? They were going to be among the original 21. Apparently, the magistrates feel from lobbying the Government that they have won that one and those offences will not be included.

Will research on the effectiveness of PNDs be undertaken? As I say it is eight years since the experiment began. It was a very good one and probably should be working. However, we should know whether it is or not, and not just assume it. That was the point I made about drugs policy: let us base it on evidence and reality, not on what we think. Will other class B drugs be included at a later stage and treated in this way? Apparently, from what the Minister said earlier, they will not be, but it seems illogical. If cannabis is a class B drug, why treat it in such a low-level way with a PND and why not treat other class B drugs in that way?

There is no consistency in what the Government are doing. The order is poorly researched. It is illogical and inconsistent in singling out one class B drug. We believe, for reasons other than those advanced by the Tories, that the House should reject the order and that the Government should go away and think again.

**Madam Deputy Speaker (Sylvia Heal):** Order. I now have to announce the results of Divisions deferred from a previous day. On the question relating to the second strategic energy review and European energy networks, the Ayes were 269 and the Noes were 65, so the Ayes have it.

On the question relating to representation of the people, the Ayes were 402 and the Noes were 58, so the Ayes have it.

On the question relating to the Adjournment (Easter), the Ayes were 273 and the Noes were 195, so the Ayes have it.

*[The Division lists are published at the end of today's debates.]*

5.45 pm

**Keith Vaz** (Leicester, East) (Lab): It is always a pleasure to follow the hon. Member for Chesterfield (Paul Holmes), but I would not want the public watching from the Gallery or on the Parliament Channel to think that the only choice that Members of Parliament give to their children is, "Would you like some red wine or some cannabis?" The hon. Gentleman very honestly answered the question from the hon. Member for Woking (Mr. Malins), but there are other social activities available to the children of Members of Parliament.

**Paul Holmes:** Simply for clarification of the record, and before my words are twisted, I was responding to a hypothetical question from a Tory Member. It was not something that I suggested.

**Keith Vaz:** Absolutely, and the hon. Gentleman was not given a multiple choice beyond wine or cannabis. I am sure that in Chesterfield there are lots of other choices available to the children of Members of Parliament.

This is a very serious debate and although the hon. Member for Chesterfield pointed to what he regarded as an inconsistency on the part of the Government in hyping the importance of a debate on drugs yet ensuring that the penalty was not as serious as it should be by using this method of enforcement, I think that there is agreement on all sides of the House about the harmful effects of cannabis and the serious nature of drug taking.

At the moment, the country is gripped by the story of Julie Myerson and her young son in the book "The Lost Child". I have not read the book but there has been much press comment about it and about how a parent can become so frustrated with the drug taking of his or her child that they lock them out and exclude them from their homes. That is not the only example; there are many other case histories that we have read about.

The Government are right to begin any consideration of the policy of enforcement with a clear and unequivocal statement about drug taking and drug use. The Minister was right to point out the harmful effects of taking cannabis. There is research and medical evidence to support what she said and although this debate is not specifically about cannabis—in the sense of whether our penalties are severe or not—and is on a limited motion that deals with enforcement, it is important that the House looks at the issue.

I am pleased to see in his place the hon. Member for Monmouth (David T.C. Davies), who is a member of the Select Committee that I chair. The Committee has decided to undertake a major inquiry into drugs that will begin at the beginning of April. We will look not just at what the Government have done in this case and at classification, but at the way in which drugs enter this country and at whether the penalties are sufficient to deal with what has been an increase in the availability of cannabis and other drugs. It will be a long inquiry and will be concluded at the end of the year, and we are willing and eager to have evidence and views from all political parties.

The hon. Member for Enfield, Southgate (Mr. Burrowes) made what I regarded as a thoughtful speech in which he accepted the Government's position on cannabis but was worried about the process. He is perfectly entitled

*[Keith Vaz]*

to be concerned about these matters, but I ask him not to let the process get in the way of a decision that has to be made by the House today. I hope that the Conservative party will not vote to have the order annulled because it is important that we have the necessary penalties in place to deal with the situation. I know that he feels that the penalties are not sufficient. I gather from his speech that he would like the £80 fine that is to be imposed to be even higher, but I think that the three-stage process set out by the Government is a method that works and that we can support.

I hope that the Minister will, as a result of the debate and the other deliberations she has had upstairs, now ensure that sufficient research is done in support of the Government's view that those penalties work. I know that some research has been commissioned in the past, and I do not think the issuing of 400,000 fixed penalty notices since 2004, implemented across all 43 police forces, would have resulted in nobody being discomfited, so such steps clearly work, but there is a need for further research of the sort that the hon. Member for Enfield, Southgate spoke about.

The hon. Gentleman was also right when he said that this three-stage process must be properly monitored, and I was grateful that the Minister responded positively to that suggestion. The worry is that the warning that should currently be given is not in the local notes of police officers. That is why I have put to the Minister—and I put it to her again now—that if there is concern that there is not proper monitoring, the proper course of action is for the Home Secretary to write to the chief constables in the 43 areas or to communicate with ACPO. There are many methods by which the Home Secretary can get across to chief constables the importance and necessity of recording such information—and I notice that the Minister for Security, Counter-Terrorism, Crime and Policing has just entered the Chamber to listen to the debate. I think that that deals with the Opposition's point. I therefore hope that the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), will go away and, not have an informal chat with the Home Secretary, but actually make sure something is done to support this, so that there can be more robustness to the three-stage process that she spoke about.

On the level of penalty, I have no problems with the fine that has been mentioned or with the effectiveness of the PNDs. I think they have been effective. We know that skunk now accounts for between 70 and 80 per cent. of the cannabis seized on the streets, whereas six years ago it only accounted for 15 per cent., and, as we also know, skunk is a much stronger version of the drug.

**Paul Holmes:** As Chair of the Select Committee on Home Affairs, does the right hon. Gentleman have more evidence for what he has just said about knowing that PNDs are effective? The Government do not have any evidence on whether they are effective or not—there is no research base—so has the Select Committee taken any evidence on this? The Chair of the Select Committee said he knew they had been effective—how?

**Keith Vaz:** From the information that has come to me. No, we have not taken evidence on this, which is why it is important that we look at this issue in the inquiry we are about to start, and I promise the hon. Gentleman that we will. Obviously, the Government take slightly longer than a Select Committee to commission reports and then review them and conclude, but we will look into the issue, and it is to be hoped that we will have the evidence he seeks. If PNDs are not effective, he can be clear that, with Members such as the hon. Member for Monmouth sitting on the Committee, the report will not be agreed by the Committee. We will certainly look at penalties.

I also want to discuss the effectiveness not of Government policy, but of the Advisory Council on the Misuse of Drugs. The hon. Member for Chesterfield referred to Professor Nutt. It was Professor Nutt who said recently that there was not much difference between horse-riding and ecstasy, and it was Professor Nutt and his council who said that cannabis should be downgraded from class B to class C. The body is called the Advisory Council on the Misuse of Drugs and it only advises the Home Secretary, and it is right that, in the end, the Home Secretary and politicians, who are accountable to this House, should make the final decision. The Home Secretary needs to have a few words with the chairman of the advisory council. First, she needs to put him right on his statement, although I think that he has made some subsequent comments about it. At the end of the day, it must be for the Home Secretary to decide on these matters and for the Government to send out an appropriate message.

If the Opposition vote to annul this order, they will be sending out the wrong message to the public—that this House does not treat the issue seriously enough. In accepting penalty notices for disorder and talking about the need for more research, and with the increase in the amount of skunk available on the streets of our capital city and other cities, the Government need to send out the message that it is vital that we continue with the Home Secretary's tough line on drugs. We must continue to ensure, even if the advice is against us, that if the Home Secretary and the Government feel that it is important to reclassify this drug, that is what we should do. It is what we have done and we should ensure that we monitor the process so that those who mistakenly believe that in some way taking drugs is acceptable social practice—whether they are celebrities or whoever else—understand that this House will be very serious about the way in which it deals with this real and difficult problem.

5.56 pm

**Mr. Douglas Hogg** (Sleaford and North Hykeham) (Con): Because of the lateness of the hour, I shall be brief. I am not opposed to the principle of fixed penalty notices. They have a role to play, but they should be confined to relatively minor transgressions. Indeed, I would qualify that by saying that they should be confined to very minor transgressions.

My anxiety, looking at the schedule, is that the fixed penalty notices are capable of being applied in more serious cases. For example, in the example I gave to the Minister, giving a false report to the police can amount to conspiracy to pervert the course of justice. We can all recognise that theft is a very serious offence, and criminal damage ditto. The point about the sale of alcohol to persons under 18 has been ventilated frequently in this House. Incidentally, the last offence under part 1—knowingly giving a false alarm to one of the emergency services—can be a very serious offence.

The Minister made a perfectly fair point in that she said, rightly, that the police have discretion and that a constable on the beat, identifying an offence of this character, can choose to arrest and to go through the prosecution process. However, that places a considerable burden on the police because they have to go through the arrest process and they might have to turn up in court. There is a temptation to an officer on the beat. Incidentally, many years ago I was a special constable, so I have some experience. There is a real temptation to take the easy option. Although I am not saying for a moment that all officers will do that, some certainly will. The truth is, as I have often said in this House, that if one gives powers to officials one can be sure that those powers will be abused at one stage or another.

The problem, it seems to me, is that when we extend the capacity to apply fixed penalties to offences that are not minor, we can be quite sure that on occasion they will be applied in cases that should go to the courts. Hon. Members have cited various good reasons why such cases should go to the courts, especially when an addiction of one kind or another is an underlying cause. In any event, I think that theft, for example, is an offence that should generally go to the courts. I am unhappy therefore with the concept of the various offences that I have mentioned, which are capable of being serious, being included in the schedule.

I want to be brief, as I know that three other hon. Members want to speak. I shall vote with my hon. Friend the Member for Enfield, Southgate (Mr. Burrowes) against the order, because it includes offences that should not be contained in the schedule.

5.59 pm

**Mr. Humfrey Malins** (Woking) (Con): I, too, shall be brief in view of the shortness of the time. As always, I declare an interest as a lawyer, Crown court recorder and part-time district judge. What troubles me about the principle of fixed penalty notices is that the motive behind them seems to be to make life easier and simpler for the police, with less form-filling and less hassle than going the whole way to court. If that is part of the motivation, I think that it is wrong. I entirely agree with my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) that, if the matter concerned is of the very lowest seriousness—such as dropping litter, and so on—there is a case for the use of a fixed penalty notice. However, that is not appropriate for the more serious offences.

I am troubled about judicial discretion being exercised largely by officers on the beat, and I fear that some very serious matters will simply not see the light of day if penalty notices are being issued. The notes accompanying the order state:

> "Penalty notice disposal provides the recipient with the benefit of an administrative disposal which does not require attendance at court nor an admission of guilt and does not result in a record of criminal conviction."

That would be fine for dropping litter and similar matters, but what about the other offences? As my right hon. and learned Friend the Member for Sleaford and North Hykeham said, the schedule contains some serious offences. Theft carries a prison sentence, but the list includes wasting police time, criminal damage and selling alcohol to under-18s. It cannot be right that, for all those offences, something happens that does not result in any record whatsoever. Moreover, many of the offences also have victims, but they appear to have no say in what will happen.

I am troubled by those two points. In the remaining minutes at my disposal, I want to make it clear that I am also troubled that cannabis possession is to be included in the list of offences for which a penalty notice is handed out. Goodness knows what the courts will think when they discover that neither magistrates, judges nor anyone else will be able to know that a penalty notice—for theft, say—has been handed out to the people come before them. The law will not allow that knowledge to be made available, as it does not amount to an admission of guilt. It is therefore not relevant and cannot be taken into account.

Opinions vary about the sentences that should be handed out for cannabis possession, but I believe it to be a gateway drug to more serious crime. When a person is up for possession of cannabis, I would prefer it if the courts did not say, "Stand up! Here's a £50 fine, next case, please!" I want the courts to take that offence more seriously, as I believe that, in the long term, cannabis can be very damaging drug indeed.

I am unhappy at any suggestion that the possession of cannabis—and skunk, of course, is so strong—or other potentially serious offences can be dealt with, not by a judicial authority but by something happening in the street, no record of which is kept at all.

6.2 pm

**David T.C. Davies** (Monmouth) (Con): Like another hon. Member who spoke earlier, I want to declare an interest in that I am a serving special constable. I am also a member of the Home Affairs Committee.

In an ideal world, there would be no such things as penalty notices for disorder. Unfortunately, the world that we live in is not ideal. The reality is that two police officers halfway through a shift who are faced with a person who has committed a minor offence will have to make a choice: they can turn a blind eye—one would hope that that would never happen—issue a penalty notice for disorder, in some instances, or make an arrest.

Let me make clear what making an arrest would entail for the two officers. Because of the rules about how custody suites must come up to various standards these days, they are few and far between, so the officers would have to wait for transport to take them to a police station far away. They would then have to wait to book their prisoner in, and wait again while the prisoner was assessed medically and while a solicitor and perhaps an interpreter were found. The officers would have to write up their notes, and then go back to interview the prisoner. The long and short of it all is that the officers will have written off practically their whole shift. A lot of time will also be used up by the custody sergeant and the other people involved in the process.

If, at the end of all of that, a meaningful sanction is applied to the prisoner, the process will have been worth while. However, if the person who has committed a minor offence is back out on the streets a few hours later and faces only a small fine some way down the line, one has to ask what any of it has achieved.

I am not against PNDs; in fact, I have come around to them, in principle, as a way to make the best of a bad job. The question that concerns me has to do with the

*[David T.C. Davies]*

crimes for which they are used. For the same reasons that other hon. Members have already outlined, I have a problem with PNDs being used for any form of theft, such as shoplifting, or of drug abuse. I do not accept the comments made earlier by an hon. Member who seemed to liken cannabis to alcohol. Cannabis is a very dangerous drug that leads on to other drugs. It is often used as a defence for heinous crimes, which suggests to me that the courts and the authorities need to bear down as strongly as possible on this drug. With all due respect to the Minister, I fail to understand why PNDs are being issued for the possession of cannabis.

I can think of two other offences that cry out for PNDs, and it might interest the Minister to know that I have tabled an amendment to the Policing and Crime Bill, proposing that we implement PNDs for people who have committed minor ticket offences on the railways. I know from my own experience that the British transport police spend a great deal of time trying to sort out people who have committed such offences, and it would be absolutely great if they could give out a PND and impose an instant fine on people who admitted the offence. That would save a vast amount of time.

Another offence that is worth looking into in this regard relates to what I call professional beggars, although I would not want to table an amendment on the matter without doing further research. The people in question are often removed from railway stations and other places with very large amounts of money on them. They are often not arrested for any offence, but if they could be given an immediate PND, some of that money could be taken away from them. So there is a place for penalty notices for disorder.

If the Minister is trying to free up police time, I offer her those two suggestions in all helpfulness. I urge her please to look at the amendment that I have tabled, to see whether the Government can find a way of supporting it. It would have widespread support among the police, and I cannot see how it would go against anything that her Government stand for politically.

In an ideal world, offenders committing any sort of an offence would simply be marched into a court. There would be no long process; they would appear before a magistrate straight away and they would receive summary justice. We do not live in an ideal world, however. I hope that things improve, but until they do, there is a place for PNDs. Let them be used effectively, however, and let them be used for appropriate offences. Theft and drug possession are not appropriate offences for PNDs, and I will therefore oppose the motion.

6.6 pm

**Mr. Burrowes:** We have had an interesting and important debate, and it was a debate that the Government did not wish us to have. Their view was that the order should have been dealt with under the negative resolution procedure. If that had happened, this informed debate in the House would not have seen the light of day.

The right hon. Member for Leicester, East (Keith Vaz) urged the Opposition not to let process get in the way. This debate has highlighted the lack of process, the abridged time in which the hastily drafted order was put before the House, and the fact that 21 offences were taken off the order and that the order was revoked and then revised in its present form. We have been able to highlight those points today.

The debate about the process goes further, however. The process that the Government want to implement is an escalator, comprising the three-strikes warning, the fixed penalty notice and finally the possibility of arrest and prosecution. The reality that has been exposed today is that that escalator is not functioning, and it is unlikely to do so in many parts of the country, given the lack of a computer system and a means of recording the offences involved.

Opposition Members have also highlighted the number of serious offences in the order, and on the schedule, that will now be dealt with using a fixed penalty notice, rather than properly seeing the light of day in the courts. Summary justice has traditionally been done, and seen to be done, in magistrates courts. As we have already seen, the risk is that the expansion of the use of PNDs, which have their place in limited circumstances, will lead to their falling into disrepute. It could also have that effect on summary justice. The order that the Government sought to push through under cover has come to light, and we now need to annul it. I urge hon. Members to do that today.

6.9 pm

*Question put.*

*The House proceeded to a Division.*

**Madam Deputy Speaker (Sylvia Heal):** I ask the Serjeant at Arms to investigate the delay in the Aye lobby.

*The House having divided:* Ayes 197, Noes 272.

**Division No. 65] [6.9 pm**

**AYES**

| | |
|---|---|
| Afriyie, Adam | Campbell, Mr. Gregory |
| Ainsworth, Mr. Peter | Carmichael, Mr. Alistair |
| Alexander, Danny | Carswell, Mr. Douglas |
| Ancram, rh Mr. Michael | Chope, Mr. Christopher |
| Arbuthnot, rh Mr. James | Clappison, Mr. James |
| Bacon, Mr. Richard | Clark, Greg |
| Baker, Norman | Clarke, rh Mr. Kenneth |
| Baldry, Tony | Clegg, rh Mr. Nick |
| Barker, Gregory | Cormack, Sir Patrick |
| Baron, Mr. John | Cox, Mr. Geoffrey |
| Barrett, John | Curry, rh Mr. David |
| Bellingham, Mr. Henry | Davey, Mr. Edward |
| Bercow, John | Davies, David T.C. (Monmouth) |
| Beresford, Sir Paul | Djanogly, Mr. Jonathan |
| Binley, Mr. Brian | Dodds, Mr. Nigel |
| Blunt, Mr. Crispin | Dorries, Nadine |
| Bone, Mr. Peter | Duddridge, James |
| Boswell, Mr. Tim | Duncan, Alan |
| Brady, Mr. Graham | Dunne, Mr. Philip |
| Brazier, Mr. Julian | Evennett, Mr. David |
| Breed, Mr. Colin | Fabricant, Michael |
| Brooke, Annette | Farron, Tim |
| Browne, Mr. Jeremy | Featherstone, Lynne |
| Browning, Angela | Field, Mr. Mark |
| Bruce, rh Malcolm | Foster, Mr. Don |
| Burns, Mr. Simon | Fox, Dr. Liam |
| Burrowes, Mr. David | Fraser, Christopher |
| Burstow, Mr. Paul | Gale, Mr. Roger |
| Burt, Alistair | Garnier, Mr. Edward |
| Butterfill, Sir John | |

Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Prichard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Younger-Ross, Richard

**Tellers for the Ayes:**
Mr. Stephen Crabb and Bill Wiggin

**NOES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Cooker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim

Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Millar, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Oiner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

**Tellers for the Noes:**
**Mark Tami and Ms Diana R. Johnson**

*Question accordingly negatived.*

## Business without Debate

### DELEGATED LEGISLATION

*Motion made, and Question put forthwith (Standing Order No. 118(6)).*

FAMILY LAW

That the draft Child Support (Miscellaneous and Consequential Amendments) Regulations 2009, which were laid before this House on 26 January, be approved.—*(Ian Lucas.)*

*The House divided:* Ayes 313, Noes 4.

**Division No. 66]** **[6.26 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byers, rh Mr. Stephen
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Colley, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Elford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John

Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thurso, John
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Younger-Ross, Richard

**Tellers for the Ayes:**
**Mark Tami and Ms Diana R. Johnson**

**NOES**

Field, Mr. Mark
Lilley, rh Mr. Peter
Walker, Mr. Charles
Winterton, Sir Nicholas

**Tellers for the Noes:**
**Mr. Brian Binley and Mr. Edward Leigh**

*Question accordingly agreed to.*

## EUROPEAN UNION DOCUMENTS

*Motion made, and Question put forthwith (Standing Order No. 119(11)).*

### Control of Ozone-depleting Substances

That this House takes note of European Union Document No. 12832/08 + Addenda 1 to 3, Commission Communication on completing the phase-out of substances that deplete the ozone layer; and supports the Government's aim of securing simplified legislation which reduces unnecessary administrative burdens, ensures compliance with the latest adjustments of the Montreal Protocol and addresses future challenges in order to ensure the timely recovery of the ozone layer.—*(Ian Lucas.)*

*The House divided:* Ayes 307, Noes 6.

**Division No. 67]** **[6.38 pm**

**AYES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary

Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Steele, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thurso, John
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Ward, Claire
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun

Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Younger-Ross, Richard

**Tellers for the Ayes:**
**Mark Tami and**
**Ms Diana R. Johnson**

**NOES**

Bone, Mr. Peter
Chope, Mr. Christopher
Field, Mr. Mark
Knight, rh Mr. Greg
Leigh, Mr. Edward
Walker, Mr. Charles

**Tellers for the Noes:**
**Sir Nicholas Winterton and**
**Mr. Brian Binley**

*Question accordingly agreed to.*

**Anne Moffat** (East Lothian) (Lab): On a point of order, Mr. Speaker. I seek your advice on whether the frustration that the House has experienced tonight is appropriate. Conservative Members called for a vote and then did not vote—and they did it deliberately in order to delay us from reaching a motion that would allow the youth of the country to debate in this Chamber. What makes their backsides any better than those of the youth of this country to sit on these Benches?

**Mr. Speaker:** The rules of the House say that when a proposition is put from the Chair, hon. Members are entitled to seek to divide the House. I am not allowed to interpret why hon. Members do this; I can only seek the opinion of the House. There would be no other motive than a wish to divide the House on the motion before hon. Members; they would not seek to delay any other matters from coming up.

**Mr. James Gray** (North Wiltshire) (Con): I beg to move, That the House do sit in private.

*Question put forthwith (Standing Order No. 163).*

*The House divided:* Ayes 5, Noes 291.

**Division No. 68]** **[6.53 pm**

**AYES**

Binley, Mr. Brian
Chope, Mr. Christopher
Gray, Mr. James
Walker, Mr. Charles
Winterton, Sir Nicholas

**Tellers for the Ayes:**
**Mr. Graham Brady and**
**Mr. Peter Bone**

**NOES**

Abbott, Ms Diane
Ainger, Nick
Alexander, Danny
Anderson, Mr. David
Austin, Mr. Ian
Bacon, Mr. Richard
Baird, Vera
Barker, Gregory
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Bercow, John
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Lorely
Byers, rh Mr. Stephen
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Crabb, Mr. Stephen
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Duddridge, James
Dunne, Mr. Philip
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gale, Mr. Roger
Gapes, Mike
Garnier, Mr. Edward
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Heyes, David
Hill, rh Keith
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Holloway, Mr. Adam
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howell, John
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hurd, Mr. Nick
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeley, Barbara
Keen, Ann
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Killoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Laing, Mrs. Eleanor
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Leech, Mr. John
Leigh, Mr. Edward
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid

Mallaber, Judy
Mann, John
Marris, Rob
Martlew, Mr. Eric
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McIntosh, Miss Anne
McIsaac, Shona
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie
Mullin, Mr. Chris
Mundell, David
Munn, Meg
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Oiner, Mr. Bill
Owen, Albert
Paterson, Mr. Owen
Pearson, Ian
Penning, Mike
Pickles, Mr. Eric
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Pugh, Dr. John
Purnell, rh James
Randall, Mr. John
Reed, Mr. Andy
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Shaw, Jonathan
Sheridan, Jim
Simmonds, Mark
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Stanley, rh Sir John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Stringer, Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Ms Dari
Taylor, David
Teather, Sarah
Thomas, Mr. Gareth
Thurso, John
Tipping, Paddy
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walley, Joan
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, Ann
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Younger-Ross, Richard

**Tellers for the Noes:**
**Mark Tami and**
**Ms Diana R. Johnson**

*Question accordingly negatived.*

**The Deputy Leader of the House of Commons (Chris Bryant):** On a point of order, Mr. Deputy Speaker. I am sure that it is in order for right hon. and hon. Members to force votes even on issues on which they have no intention of voting themselves, including several Conservative Members sitting opposite. But is it really in the interests of this House and of true democracy in this country to use every trick in the book to try to prevent young people from coming into this Chamber and to try to prevent debate? Have we not seen the forces of reaction sitting across the Chamber, using old politics to frustrate young people?

**Mr. Speaker:** The hon. Gentleman is entering into a debate. A proposition was put and soundly defeated. That is democracy and a strength of this House; hon. Members have spoken. If other Members did not want to vote, that is their business.

The hon. Gentleman is the Deputy Leader of the House. The motion is in his hands. He can decide to give it Government time to make sure that it is debated. I have always asked for temperate language. "Every trick in the book" was perhaps not what I would have said; "Every procedure in the book."

**Martin Horwood** (Cheltenham) (LD): Further to that point of order, Mr. Speaker, I was in the Committee that scrutinised the motion on the control of ozone-depleting substances. Not one Conservative Member opposed it there, just as not one Conservative Member actually voted against it when we divided just now. Conservative Members were effectively voting to try to stop debate on whether or not our bottoms are so sacred that we cannot share these Benches with members of the UK Youth Parliament. Does that not bring this place into disrepute and risk lowering our reputation below that of the Youth Parliament?

**Mr. Speaker:** I am at risk of repeating myself. If the matter is brought before the House in Government time, nothing will be delayed. A full debate will take place with a vote to follow.

**Mr. Edward Garnier** (Harborough) (Con): On a point of order, Mr. Speaker. Have you had a request from the Secretary of State for Justice to make a statement about the fiasco of the C-NOMIS computer system for the prison and probation services? It is now disgracefully late in coming into service and has exceeded its budget by 300 per cent. to reach more than £690 million. This represents an object lesson in failure. May I suggest that the public have a legitimate expectation that the Government will come here and account for it?

**Mr. Speaker:** That is not a matter for the Chair. That is something for which the Speaker cannot be blamed; it is expenditure for which someone else will be blamed.

**Mr. Christopher Chope** (Christchurch) (Con): Further to the points of order, Mr. Speaker. Have you heard from the Government as to when they will give Government time for a proper debate on the Youth Parliament issue? When the Prime Minister announced the proposal, he said it would be subject to proper discussion and consultation with all Members of this House. Because that consultation has not taken place, a number of us are concerned and want a debate on it. On, I think, six or seven occasions, a motion has been on the Order Paper, but with no debate, and the Government have been trying to put pressure for this issue to be put through on the nod. I am sure that you, Mr. Speaker, would think that it is not the sort of issue that should be put through on the nod, but that it should be subject to proper debate.

**Mr. Speaker:** I can say no more on the matter than I have already said.

## USE OF CHAMBER (UNITED KINGDOM YOUTH PARLIAMENT)

*Motion made,*

That this House welcomes the work of the United Kingdom Youth Parliament in providing young people with an opportunity to engage with the political process and bring about social change; notes that many hon. Members from all parts of the House are actively involved in the work of the UK Youth Parliament; and accordingly resolves that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House.—*(Ian Lucas.)*

**Hon. Members:** Object.

## PETITIONS

### Health Services (Northamptonshire)

7.10 pm

**Mr. Peter Bone** (Wellingborough) (Con): I am delighted to present a petition on the biggest issue I have had to deal with since becoming a Member of Parliament. More than 4,000 people have signed the petition, and the leading three signatories are Mr. Colin Wright and Mr. Richard Lewis, respectively the leader and deputy leader of Rushden town council, and Councillor Andy Mercer, the leader of East Northamptonshire council. The petition concerns the closure of an out-patients facility in my constituency and the moving of it to a town some distance away.

The petition states:

The Humble Petition of residents of Rushden, Northamptonshire and surrounding areas,

Sheweth that the plans to close the hospital outpatients facility at the Rushden Memorial Clinic and replace them with a facility outside of Rushden is unacceptable; further sheweth that the Rushden Memorial Clinic was paid for by the people of Rushden to serve the health needs of the people of Rushden; and believes that Kettering General Hospital NHS Foundation Trust should not be removing the only outpatient facility from the biggest town in East Northamptonshire to a small town with no adequate public transport.

Wherefore your Petitioners pray that your Honourable House urges the Secretary of State for Health to require Kettering General Hospital NHS Foundation Trust to review its decision and to build an enhanced outpatient facility in Rushden in line with the local NHS's own weighted criteria.

And your Petitioners, as in duty bound, will ever pray. etc.

[P000326]

### Care Home Residents (Allowances)

7.12 pm

**Mr. Paul Burstow** (Sutton and Cheam) (LD): This petition is about people who are often out of sight and out of mind: those people who live in care homes. It concerns the 240,000 people in our country who receive an allowance called the personal expense allowance, which amounts to just £3 a day, and which is based on national means-testing rules, which mean that those with savings of more than £22,250 have to surrender their pensions to pay for their care home fees. This allowance is going up by 75p this April to £21.90. Last year, in answer to a parliamentary question, the Minister responsible at the time, the hon. Member for Bury, South (Mr. Lewis), promised a consultation on these matters, and this petition is intended to raise these issues in the House this evening.

The petition states:

The Petition of care home residents, their relatives, and others,

Declares that the over a quarter of a million of the poorest older people living in care homes are entitled to a dignified level of income; further declares that under national means-testing rules for local authorities, these people part with any income to pay towards their care home fees; notes that for older residents this means any pensions they get, and normally all they are left with is a Personal Expenses Allowances of £21.15 a week; further notes that the Personal Expenses Allowance is expected to cover the cost of all personal items not covered by the care package agreed by the local authority, including clothes and toiletries.

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to recognise the representations of Age Concern and others and increase the Personal Expenses Allowance for people living in residential care who receive state support to at least £40 per week.

And the Petitioners remain, etc.

[P000327]

### Planning and Development (Essex)

7.14 pm

**Bob Spink** (Castle Point) (Ind): This petition relates to green land at the side of the Dutch Village on Canvey Island. Only six houses in the whole of the Dutch Village did not respond to the petition, which shows the determination and clarity of vision of Canvey residents. If the development goes ahead, as some borough councillors wish, it will make much worse the flooding risks for every island resident as well as further damaging our island's environment and putting greater pressure on our infrastructure. I stand shoulder to shoulder with all the excellent petitioners and with Graham and Linda Bracci and Jan Eagle, who prepared the petition. Canvey people are astounded that some borough councillors are trying to lift the Environment Agency ban on flood risk development on Canvey Island so that the development can go ahead. The petition states:

The Petition of Graham Bracci, residents of the Dutch Village and others,

Declares that Castle Point Councillors are wrong to seek to develop the fields behind Limburg Road and Holland Avenue with an estate of 400 houses; believes that this would put Canvey's roads and other infrastructure under intolerable pressure; notes that this area is subject to flooding and should be controlled under Environment Agency flood protection development policies; further believes that there is sufficient brown field land to meet the target for new build and that councillors should consult residents properly and listen to them more seriously, should improve Canvey's infrastructure and change their plans to cram yet more housing estates on the Island.

The Petitioners therefore request that the House of Commons urges the Government to make it clear to Castle Point council that it will uphold the Environment Agency's rules on development in flood risk areas, that the Council should provide better infrastructure and should protect Castle Point Green Belt.

And the Petitioners remain, etc.

[P000329]

### European Union

7.16 pm

**Bob Spink:** I have a second petition about public opinion on the European Union. In a true democracy, hon. Members will always listen carefully to public opinion and they should avoid acting in this place as though they know better than the people who they are sent here to represent. It is with some sadness that I have to table this petition from Mr. Keith Johnson, members of the Campaign for an Independent Britain and other excellent people.

*[Bob Spink]*

The petition states:

The Petition of the Democracy Movement Bakewell,

Declares that a new poll by ComRes, a member of the British Polling Council, commissioned by the Campaign for an Independent Britain, reveals that British people believe the European Union is out-of-touch, unfair, corrupt and extremely costly for UK taxpayers and that UK politicians are hopelessly out of touch; further notes that 83 per cent of those polled say British law should be paramount, 75 per cent think UK politicians do not do enough to stand up for British interests in Europe, and 71 per cent want a national referendum to decide whether the UK remains in the EU; further declares the petitioners' deep concern that the EU spent 2.4 billion euros of taxpayers' money in 2008 to promote itself and its overriding aim of ever closer union.

The Petitioners therefore request that the House of Commons urges the Government to declare that it will not take Britain into the euro zone and that it accepts the need for a referendum on the fundamental issue of Britain's sovereignty.

And the Petitioners remain, etc.

[P000330]

## Planning and Development (Heathrow)

7.18 pm

**John McDonnell** (Hayes and Harlington) (Lab): This petition is on behalf of the supporters of the campaign to save Cherry Lane cemetery. I presented a similar petition on the subject several months ago in the hope that we as a community would gain assurances from BAA and the Government that this road would not go through our local cemetery. No assurances that give us that guarantee have been presented by either BAA or the Government, so tonight I and my colleagues the hon. Members for Uxbridge (Mr. Randall) and for Ruislip-Northwood (Mr. Hurd) present tens of thousands more signatures to the petition in the hope that the Government and BAA will not drive this road through our local cemetery.

The petition states:

The Petition of the Supporters of the Campaign to Save Cherry Lane Cemetery,

Declares that the proposal by the British Airports Authority to construct an access road to the proposed Third Runway and Sixth Terminal at Heathrow Airport through Cherry Lane Cemetery, which is the only functioning cemetery in this part of the London Borough of Hillingdon, is an act of outrageous, sacrilegious destruction, which is causing considerable distress to the families of loved ones buried at the cemetery and concern to the local community.

The Petitioners therefore request that the House of Commons calls upon the Government to reject this proposal and safeguard this site.

And the Petitioners remain, etc.

[P000331]

7.19 pm

**Mr. Nick Hurd** (Ruislip-Northwood) (Con): All three Hillingdon MPs are here to present the same petition, Mr. Deputy Speaker. Our presence reflects the complete unity in the borough in opposition to the plan to expand Heathrow airport.

The petition states:

The Petition of the Supporters of the Campaign to Save Cherry Lane Cemetery,

Declares that the proposal by the British Airports Authority to construct an access road to the proposed Third Runway and Sixth Terminal at Heathrow Airport through Cherry Lane Cemetery, which is the only functioning cemetery in this part of the London Borough of Hillingdon, is an act of outrageous, sacrilegious destruction, which is causing considerable distress to the families of loved ones buried at the cemetery and concern to the local community.

The Petitioners therefore request that the House of Commons calls upon the Government to reject this proposal and safeguard this site.

And the Petitioners remain, etc.

[P000333]

7.20 pm

**Mr. John Randall** (Uxbridge) (Con): I wish to submit another petition on behalf of the thousands of people outraged by BAA's proposal that would result in the desecration of the Cherry Lane cemetery in the London borough of Hillingdon. In case the message has not got through already to BAA, the petition states:

The Petition of the Supporters of the Campaign to Save Cherry Lane Cemetery,

Declares that the proposal by the British Airports Authority to construct an access road to the proposed Third Runway and Sixth Terminal at Heathrow Airport through Cherry Lane Cemetery, which is the only functioning cemetery in this part of the London Borough of Hillingdon, is an act of outrageous, sacrilegious destruction, which is causing considerable distress to the families of loved ones buried at the cemetery and concern to the local community.

The Petitioners therefore request that the House of Commons calls upon the Government to reject this proposal and safeguard this site.

And the Petitioners remain, etc.

[P000334]

## Traffic Management (Somerset)

7.22 pm

**Mr. Ian Liddell-Grainger** (Bridgwater) (Con): You will be glad to hear, Mr. Deputy Speaker, that my petition deals with another subject. The A39 in my constituency is a major arterial route across west Somerset. It has been a dangerous road for many years and most people in west Somerset see that as due to a lack of funding, mainly by the county council but also by the Government.

The Petition of concerned motorists, and others,

Declares that the traffic lights at the junction of the A39 and off to the Dunster Steep change far too quickly; and further declares that there should be a camera operating at this junction, to help manage the lights.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Transport to take action to improve the management of the traffic lights at this junction.

And the Petitioners remain, etc.

[P000332]

## Bassetlaw (Arts)

*Motion made, and Question proposed,* That this House do now adjourn.—*(Mark Tami.)*

7.21 pm

**John Mann** (Bassetlaw) (Lab): Considering the controversy about youth a few minutes ago, I hope that you, Mr. Deputy Speaker, will pass on to Mr. Speaker the thanks of my young constituents who have participated in a parliamentary summer school here over the past two summers. They have considered matters such as the arts, and Mr. Speaker has been informative and courteous in inviting them to meet him in his chambers. His welcome was gratefully received, and the feedback that I have had from those young people is that it has been the highlight of their visits to Parliament over the past two summers. I hope that you will pass on their grateful thanks, Mr. Deputy Speaker: they have expressed them in writing already, but I would like them also to be recorded in the pages of *Hansard.*

Young people in my constituency inform much of what I have to say about the arts, thanks to an advisory committee made up of youths of all ages. The committee has worked with me over the past 18 months to prepare proposals to remedy the deficit in support for the arts that my constituency, like others in the former coalfield areas, suffers from. I know that the Minister and funding bodies will be interested in our proposals, not least as they affect money coming directly and indirectly from national Government.

The Government generally have a proud record on arts spending, which has increased nationally by 73 per cent. since 1998, to a total of £412 million last year. Investment in this country's creative industries has grown, and we are global leaders in advertising, craft, cultural heritage, design, music, literature and the performing and visual arts. I know this because the sector employs some of my constituents. The statistics show unequivocally that there has been an almost 40 per cent. increase in the number of people attending performances, that 85 per cent. more new plays have been produced, and that nearly 6,000 performances are given at home and on tour annually.

The Government have made successful efforts to get more young people involved in the arts. For example, the Creative Partnerships programme works in some of the most deprived wards in the country. It has worked with 330,000 students in 2,700 schools, and 90 per cent. of the head teachers involved thought that it had improved pupils' confidence and communication skills. We would like the opportunity to spread such good work to the schools of Bassetlaw.

The Government's national record on the arts is something to be praised and to be proud of, but there is a deficit in constituencies such as mine, particularly in former coalfield areas. On other indicators, in the eight years since I became the Member of Parliament for Bassetlaw, we have done well compared with the national average. We have had the largest investment in new secondary school buildings per capita anywhere in England. Our primary care trust had the largest increase in funding anywhere in Britain in the last settlement, and we have been the most successful part of Britain in terms of health performance for some time.

The jobs market is experiencing difficulties in the rest of the country, and in my area as well. However, in January, Laing O'Rourke created 300 new jobs in my area, and MBA Polymers is creating 90 new jobs. Even now, we are creating jobs, and our record has been good on roads and infrastructure. The recently completed improvements to the A1, costing £30 million, represent a significant boost to local people and local businesses, and they supersede achievements in other parts of the country. Would that that were the case with the arts.

Let me give the House some examples of the problems. Berry's music shop used to be on Bridge street in Worksop. It acted as the centre for the burgeoning music scene, selling sheet music for the colliery brass bands, new electric guitars, tickets for classical concerts and much more. But Berry's was bought by Williams Music, which went into liquidation in 2007. It closed down, leaving nowhere to buy music or classical instruments, and no single place to find a music teacher in my constituency.

Then there is the shame of the Regal arts centre, which was once run by Bassetlaw council. It suffered under-investment over the years, and in 2004 it was closed down and handed over to the Bassetlaw Studio Project. The project was well-meaning and successful, but very small. It ran small-scale music projects for young people, but it had neither the resources nor the experience to take over the Regal arts centre.

The Regal arts centre, as well as having a small cinema, used to run a programme of live comedy, theatre, children's workshops and a regionally acclaimed folk programme, attracting people from a wide area. It also used to stage performances by local groups such as the light operatic societies, amateur theatre groups and dance schools. Sadly, it is now in great decline. It receives no more local authority funding, as such funding is no longer available for such operations.

The Regal was never ideal. It was old and dilapidated, and needed a great deal of investment. The films that were shown there were on their second release, following their screening in the multiplexes. My constituency is 44 miles across—the size of Greater London—yet it now has no cinema. In the United Kingdom, 3,661 screens currently receive advertising in more than 700 locations. We are the size of Greater London, but we have no cinema.

Areas such as Bassetlaw are rather important when it comes to the arts. For many years, the county council had a strong touring programme. Its Stages programme brought groups such as Northern Broadsides within reach of my constituents, if not quite inside the boundaries of my constituency. Music in Quiet Places took professional music into our churches around the constituency. These European-funded programmes have now stopped. I could give other examples.

There are many good activities going on, involving young and old people. People across all sectors of society are performing without the resource or facilities to do so: for example, through the Worksop music and drama festival, Ryton Chorale's concerts, and Worksop Miners Welfare Band and other bands around the area. They have been going for centuries and are still going today. I wish to put on record and acknowledge the hard work done by people in such groups as the Worksop light operatic society, Bassetlaw youth theatre and many more, who put great effort into keeping the performing

*[John Mann]*

arts alive in my constituency. The traditions of the brass bands in mining communities—the marching bands from my constituency that led the way—are not long gone, but they are gone.

The reason is simple. In my area, we have the creativity, the ingenuity, the people prepared to put in the time and effort, and the performers; we have the artists, the painters, the musicians. In every form of the arts we have the talent, but it is undernourished and under-resourced. Let me cite some starkly contrasting statistics to demonstrate why the money does not come to my area or to such places as Ashfield, Bolsover and all the other former mining communities in the vicinity. I hope that the Minister will take these statistics and this debate to her own officials, to the national lottery, to the Arts Council, and to the Department for Children, Schools and Families project, myplace, in order that they can learn from them.

There is bias in the system. I calculate that since the lottery was formed, £1.63 billion has gone to the arts in London, which has the same geographical space as my constituency. That may be an underestimate, but it is a minimum. In my constituency, we are talking about a rather smaller sum—£439,389. I have been through the figures. Some allocations have been made to things not in my constituency and should not have been included, so in fact the figure is slightly lower still: just over £400,000 for Bassetlaw, but £1.63 million for London. Kensington and Chelsea has received £133 million; Islington, South, £100 million; Islington, North, £39 million; Hampstead, £27 million; Hammersmith, £25 million; Bethnal Green, £31 million; Holborn and St. Pancras, £116 million; Cities of London and Westminster, £356 million; Vauxhall, £127 million; Regent's Park, £22 million; Southwark and Bermondsey, £41 million; and Hackney, South, £50 million. I could go on and on.

Those figures compare with £400,000 in my constituency and similar amounts in adjoining former mining constituencies. That is why the arts are not flourishing there. That is why we do not have an arts centre that people of all ages, but particularly young people, can be proud of and utilise—that can garner their skills, take their talents forward, and give them the opportunity to express themselves in the way that people in London and the other big cities do.

One would expect that with this absurd bias in the London-oriented, London-dictated, London-run lottery, the Arts Council might, with its modest funding, redress the balance. I have last year's figures for Arts Council funding, and what do we see? Which constituencies get most—more than £500 million—of the money? Those in London. Some 27 London constituencies got more than £100,000 from the Arts Council. London, and the centre of London in particular, gets all the lottery money, which is hundreds of millions of pounds, and on top of that it gets the Arts Council money. Instead of redressing the gross, awful imbalance in lottery funding, particularly as regards the arts, the Arts Council does the opposite, and reinforces the discrimination against my constituency. Bassetlaw got £13,716. We are thankful for that. A quarter of it—in fact a quarter of all Arts Council money for my area—has gone to the Harley gallery on the Duchess of Portland's estate. We are grateful for that.

However, the deprived communities—the centre of Worksop, and the mining villages and former mining villages—are not getting any money from the Arts Council or the lottery for the arts. That is why the arts are struggling. There are brilliant people such as David Jordan, who created the Acorn centre, having received no funding whatever to put towards the running costs. With tiny amounts of capital coming in, he created a centre that allows people to perform. Why are the Government not directing the Arts Council, and not advising the lottery, to put money into such facilities to allow the arts to flourish?

We would accept 5 per cent. of what some of the London constituencies have got. I would take 5 per cent. of the money for City of London and Westminster; that would make a huge difference. It is not that we have not put proposals forward. We do not have all those arty-farty people—professionals in the arts—who spend their time running around bidding for money. We have decent, working people, who do a job, raise their families and get on with life. They spend their spare time creating the arts in my constituency, and they deserve a slice of the cake. It is a shame that the Arts Council in particular does not attempt to redress the balance by putting money where it will make a huge, major difference.

My constituency demands the right to have a cinema, like every other place, so that we can get kids off the street and give them the opportunity to see the latest films. We demand an arts centre, so that the talents of people of all ages can find expression. We demand what everyone else, particularly the large cities, and particularly London, is getting in excess. The Government need to redress the balance. In areas such as mine, people need a chance to express their creativity. I look forward to hearing a positive response from the Minister on how the imbalance can be redressed.

7.37 pm

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett):** First, I congratulate my hon. Friend on securing this debate. I know how much he cares about the subject, his constituency and his constituents, and I commend him on his tireless work in support of the arts in his Bassetlaw constituency. That part of north Nottinghamshire has a long history of interest in the arts—in fact, one of the longest such histories in Britain. Creswell Crags near Worksop contains the country's only known examples of ice age rock art. Stone age, bronze age and Roman artefacts have also been found in Bassetlaw. However, it is the present, not the past, that my hon. Friend and I are concerned with today.

I know that my hon. Friend shares my belief in the power of the arts to transform communities and the lives of those who live in them, because he has worked closely with Arts Council England, East Midlands to try to do just that in his constituency, and because of the impassioned speech that he gave in defence of his constituents' need for better arts provision. His close involvement in the issue is demonstrated by the detailed examples that he has given of instances in which he would like to see improvements to arts provision for his constituents. He has also detailed the funding provision that he would like there to be.

However, as my hon. Friend knows, I am constrained on the subject because the funding of individual projects is, very properly, decided at arm's length from Government

by Arts Council England. It would, therefore, be wrong for me to comment on the level of support that the Arts Council gives to particular projects, but I am more than happy to comment in general on the issues that he has raised and to give my understanding of the steps that Arts Council England, East Midlands is taking to deal with them. I will make sure that Arts Council England East Midlands is fully apprised of his concern.

Like my hon. Friend, I am glad to say that over the past decade there has been record investment in the arts in this country, both inside and outside London. As an MP with a constituency outside London and as a Minister who has visited a number of very active artistic endeavours outside London, I cannot remember when the arts scene outside the M25 was as vibrant and as active as it is today. I am doing all I can to ensure that it remains so and keeps growing, despite the downturn.

My hon. Friend's constituency is in the east midlands region which, like others, has seen a real improvement in artistic activity in the past 10 years. That is, as he mentioned, due in no small way to an increase in funding. Arts Council England East Midlands in this spending round will make grants of more than £50 million. This money will help to support more than 50 regularly funded organisations, or RFOs, including Sinfonia Viva, the region's professional chamber orchestra, the Leicester, Nottingham and Northampton Theatre Trusts, numerous other dance troupes and folk groups, a fistful of festivals, and a very active forum for participatory arts organisations.

In addition, during the past three years about 900 grants for the arts have been made. Those are worth £16 million and have been funded from lottery funds in the east midlands region. This year sees the culmination of the £130 million arts venue programme in the east midlands. When the Nottingham Contemporary is completed this autumn, the city, which already has the New Art Exchange, will have two brand new arts venues. Those, together with the QUAD in Derby, First Movement in Rowsley and the Curve in Leicester, will give the region five exciting new arts centres.

**John Mann:** I thank the Minister for kindly giving way. From my constituency to Nottingham, to give the equivalent distance south of where we are now, would take us into the sea beyond Brighton. Therefore whatever happens in Nottingham or Leicester is of little concern to my constituents because it is nowhere near. That is my point.

**Barbara Follett:** I understand my hon. Friend's point and I will deal with it now.

I am glad that so many residents of the east midlands have taken advantage of schemes such as Own Art and Take It Away to bring more than 1,000 musical instruments and 75 pieces of art into their own homes. A guitar propped up against a bedroom wall or a picture by an up-and-coming British artist in a living room provide a wonderful opportunity for interaction with the arts in people's own time, in their own home and on a daily basis. But as my hon. Friend stressed, proximity is important, and I realise that distance plays a great part in access to the arts. People should not have to travel if they want to attend arts events, and those should most certainly not be restricted to the big towns and cities.

I am sorry to hear that my hon. Friend's constituents do not have a cinema. When I first became the Member for Stevenage, there was a similar situation there. I would like to meet my hon. Friend to discuss ways of attracting a cinema to his town. If we are to engage and enthuse people, it is important that there should be projects and events happening within their own areas—within walking distance and in their communities. I therefore fully understand my hon. Friend's concerns about provision in his constituency and the lack of an arts centre.

I am glad that my hon. Friend is in discussion with Arts Council England, East Midlands and that it has been meeting not only him, but local arts providers and Nottinghamshire county council, to try to address the issue. Discussions are also being held about other issues in the area, such as support for "Young Potential", the scheme at the Worksop Regal for young people who live with real disadvantage which my hon. Friend mentioned. There are issues with the lease and required refurbishment at the Regal, and I hope that they will soon be resolved, not least because the Arts Council and Nottinghamshire county council are providing funding for a programme for learning-disabled people called "This Stage Life", which is to be held at the Regal.

Further discussions are also being held about increasing the number of applications for creative partnerships, which my hon. Friend mentioned. Netherfield infant and nursery school and Meden school and technology college are already involved, and Arts Council England, East Midlands is working with Nottinghamshire county council to encourage more schools to participate. Arts Council England, East Midlands is also involved in talks about the development of the arts on offer for young people at Manton community and learning centre; it is particularly interested in working on dance provision. Arts Council England, East Midlands has also provided small amounts of funding for both development and building work for the Acorn community theatre, which my hon. Friend mentioned, in Worksop.

As I said at the outset, it is not proper for me to be involved in these discussions, but I am glad that the executive director of Arts Council England, East Midlands has been in contact with my hon. Friend, and I encourage my hon. Friend to develop that relationship.

I turn now to the lottery awards and other money. In the past five years, my hon. Friend's constituency has had 24 Grants for the Arts awards, with a total value of more than £290,000. However, I have discussed with Arts Council England and the lottery the amount of money that is going from the good causes to local authorities with coalfields in them. Only about 10 per cent. of the total are involved, and we are doing what we can to raise that. However, for lottery awards to be made, lottery applications also have to be made. Sadly, we had only five grants for the arts applications in Bassetlaw in 2007-08. I hope that my hon. Friend will encourage his constituents to create schemes and events and apply for funding.

I am glad that my hon. Friend has been consulting with local young people about exactly what facilities and schemes they would like to see in Bassetlaw; I am sure that one of their requests was for a cinema, as that was top of my constituents' list. That desire to engage the next generation has led to a number of initiatives. One of the schemes about which we are most excited—and

*[Barbara Follett]*

of which his constituents can take advantage—is the "A Night Less Ordinary" scheme, which will provide more than 600,000 free theatre tickets to people under 26 over the next two years. I realise that the nearest theatres are some distance from my hon. Friend's constituency—about 30 miles away—but I hope that people will take advantage of this offer to experience some of the Shakespeare, Arthur Miller and Tchaikovsky, among others, being put on in Sheffield, Nottingham, Barnsley, Scunthorpe and Derby over that two-year period. I also hope that the Find Your Talent programme, which has 10 pathfinders running across the country, will eventually help his constituents.

The Government are involved in many national initiatives in music and dance, creative apprenticeships and singing. I hope that we are paving the way for a bright cultural future for our young people. I understand my hon. Friend's concerns about local provision, and I hope that he will continue to work with Arts Council East Midlands, and with me, to take his ideas forward at a local level, and that arts provision continues to grow in his constituency. I will be watching developments closely and am willing to help him wherever and whenever I can.

*Question put and agreed to.*

7.51 pm

*House adjourned.*

# Deferred Divisions

REPRESENTATION OF THE PEOPLE

That the draft Parliamentary Constituencies (England) (Amendment) Order 2009, which was laid before this House on 29 January, be approved.

*The House divided:* Ayes 402, Noes 58.

**Division No. 59]**

## AYES

Abbott, Ms Diane
*Afriyie, Adam*
Ainger, Nick
Ainsworth, rh Mr. Bob
Ainsworth, Mr. Peter
Anderson, Mr. David
Arbuthnot, rh Mr. James
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Baldry, Tony
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Baron, Mr. John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bellingham, Mr. Henry
Benn, rh Hilary
Bercow, John
Berry, Roger
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browning, Angela
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burrowes, Mr. David
Burt, Alistair
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Carswell, Mr. Douglas
Cash, Mr. William
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
David, Mr. Wayne
Davidson, Mr. Ian
Davies, David T.C. *(Monmouth)*
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorries, Nadine
Dowd, Jim
Duddridge, James
Duncan, Alan
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Ennis, Jeff
Evennett, Mr. David
Fabricant, Michael
Farrelly, Paul
Field, Mr. Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francis, Dr. Hywel
Fraser, Christopher
Gale, Mr. Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hammond, Mr. Philip
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Mr. Tom
Havard, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Healey, rh John
Heathcoat-Amory, rh Mr. David
Hepburn, Mr. Stephen
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hoey, Kate
Holloway, Mr. Adam
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horam, Mr. John
Howell, John
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hurd, Mr. Nick
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Mr. David
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Kawczynski, Daniel
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lait, Mrs. Jacqui
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Mr. Ivan
Lewis, Dr. Julian
Lidington, Mr. David
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mundell, David
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Murrison, Dr. Andrew

Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Stephen
Oiner, Mr. Bill
Osborne, Mr. George
Osborne, Sandra
Ottaway, Richard
Owen, Albert
Paterson, Mr. Owen
Pearson, Ian
Penning, Mike
Penrose, John
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prisk, Mr. Mark
Pritchard, Mark
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rosindell, Andrew
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Serwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shapps, Grant
Shaw, Jonathan
Sheerman, Mr. Barry
Shepherd, Mr. Richard
Sheridan, Jim
Simmonds, Mark
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Simpson, Mr. Keith
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soames, Mr. Nicholas
Soulsby, Sir Peter
Spellar, rh Mr. John
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Starkey, Dr. Phyllis
Steele, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Streeter, Mr. Gary
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tami, Mark
Tapsell, Sir Peter
Taylor, Ms Dari
Taylor, David
Taylor, Mr. Ian
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trednnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Usher, Kitty
Vara, Mr. Shailesh
Vaz, rh Keith
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Walley, Joan
Wareing, Mr. Robert N.
Watkinson, Angela
Watts, Mr. Dave
Whitehead, Dr. Alan
Whittingdale, Mr. John
Wicks, rh Malcolm
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilshire, Mr. David
Wilson, Phil
Wilson, Mr. Rob
Wilson, Sammy
Winnick, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

**NOES**

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Sir Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Cable, Dr. Vincent
Clegg, rh Mr. Nick
Davey, Mr. Edward
Davies, Mr. Dai
Dodds, Mr. Nigel
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Hughes, Simon
Huhne, Chris
Hunter, Mark
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Younger-Ross, Richard

*Question accordingly agreed to.*

ADJOURNMENT (EASTER)

That this House, at its rising on Thursday 2 April 2009, do adjourn till Monday 20 April 2009.

*The House divided:* Ayes 273, Noes 195.

**Division No. 60]**

**AYES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clark, Ms Katy
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank

Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Oliver, Mr. Bill
Öpik, Lembit
Osborne, Mr. George
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Shepherd, Mr. Richard
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Souleby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Steele, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry

**NOES**

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Arbuthnot, rh Mr. James
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Truswell, Mr. Paul
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Walley, Joan
Wareing, Mr. Robert N.
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Stephen
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, Sir Nicholas
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorries, Nadine
Duddridge, James
Duncan, Alan
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick

Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lloyd, Mr. Elfyn
Lutt, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Stephen
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Skinner, Mr. Dennis
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Wilcott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

*Question accordingly agreed to.*

SECOND STRATEGIC ENERGY REVIEW AND EUROPEAN ENERGY NETWORKS

That this House takes note of European Union Documents Nos. 15944/08 and ADDS 1 to 4, Commission Communication: Second Strategic Energy Review - An EU energy security and solidarity plan, and 15927/08, Commission Green Paper: Towards a secure, sustainable and competitive European energy network; and further notes the Government's' support for appropriate action at the European level, where this would be effective in furthering energy efficiency, security of supply and the development of a liberalised energy market within the Union.

*The House divided:* Ayes 269, Noes 65.

**Division No. 58]**

**AYES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hayes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John

Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacNeil, Mr. Angus
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Pickles, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Mr. Ian
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, rh Keith
Walley, Joan
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Hywel
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Strang, rh Dr. Gavin

**NOES**

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Sir Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Cable, Dr. Vincent
Campbell, Mr. Gregory
Cash, Mr. William
Clegg, rh Mr. Nick
Davey, Mr. Edward
Davies, Mr. Dai
Dodds, Mr. Nigel
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Hughes, Simon
Huhne, Chris
Hunter, Mark
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Pugh, Dr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Simpson, Alan
Simpson, David
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Sammy
Younger-Ross, Richard

*Question accordingly agreed to.*

# House of Commons

*Thursday 12 March 2009*

*The House met at half-past Ten o'clock*

## PRAYERS

[MR. SPEAKER *in the Chair*]

## BUSINESS BEFORE QUESTIONS

### MANCHESTER CITY COUNCIL BILL [*LORDS*] AND BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]

*Resumption of adjourned debate on Question (15 January),*

That the promoters of the Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*], which were originally introduced in the House of Lords in Session 2006-07 on 22 January 2007, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

**Hon. Members:** Object.

*The debate stood adjourned; to be resumed on Thursday 19 March.*

### CANTERBURY CITY COUNCIL BILL, LEEDS CITY COUNCIL BILL, NOTTINGHAM CITY COUNCIL BILL AND READING BOROUGH COUNCIL BILL

*Resumption of adjourned debate on Question (15 January),*

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

**Hon. Members:** Object.

*The debate stood adjourned; to be resumed on Thursday 19 March.*

### PROTECTION OF CHILDREN IN ENGLAND

*Resolved,*

That an humble Address be presented to Her Majesty, That she will be graciously pleased to give directions that there be laid before this House a Return of the Progress Report, dated 12 March 2009, of Lord Laming on the Protection of Children in England.—*(Chris Mole.)*

# Oral Answers to Questions

## INNOVATION, UNIVERSITIES AND SKILLS

*The Secretary of State was asked—*

### Student Housing

1. **Mr. Andy Reed** (Loughborough) (Lab/Co-op): What recent discussions he has had with the Secretary of State for Communities and Local Government on student housing need. [262849]

**The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy):** My right hon. Friend the Secretary of State last met the Housing Minister at the end of January.

**Mr. Reed:** I know that my hon. Friend and his ministerial colleagues understand the issues of studentification and of meeting housing needs in constituencies like ours. He will recognise that Loughborough is held up as a beacon of good practice in dealing with the problems that arise in the partnership that exists. Can he give an assurance that he is applying pressure to the Department for Communities and Local Government to give local authorities the planning powers that they need to prevent such problems arising in other constituencies across the country, and to reduce the problems associated with studentification in areas like mine?

**Mr. Lammy:** I congratulate my hon. Friend on doggedly continuing to champion the issue, which arises in constituencies across the country. Indeed, in my constituency there are occasionally problems in relation to the many houses in multiple occupation in which students live. Certain things can be done to help local communities, such as running helplines and appointing community liaison officers, but my hon. Friend is right that planning issues are central, which is why we continue to have dialogue with colleagues in the Department for Communities and Local Government. I am pleased that they will consult in the spring on the Ecotec report.

### Apprenticeships (Mitcham and Morden)

2. **Siobhain McDonagh** (Mitcham and Morden) (Lab): What steps he is taking to increase the number of apprenticeship places in Mitcham and Morden. [262850]

**The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon):** Last year 240 people started apprenticeships in the Mitcham and Morden constituency, the highest number for five years. We are taking a wide range of steps to encourage more people to take up apprenticeship places and more employers to offer high quality places. We have established an apprenticeships taskforce to oversee expansion of the programme in the capital. Last year we saw a record high with 225,000 people starting an apprenticeship, up from a pathetic 65,000 under the Conservatives. The Prime Minister recently announced a £140 million package to provide an extra 35,000 apprenticeship places, of which at least 21,000 will be in the public sector.

**Siobhain McDonagh:** We are delighted that next year Merton college will have twice the amount of funding and twice the number of apprentices in training. Does my hon. Friend agree that in these difficult financial times, it is more important than ever for the Government to confirm their commitment to giving young people skills through apprenticeships?

**Mr. Simon:** My hon. Friend is an unmatched champion of apprenticeships and of the needs of young people and the importance of skills in her constituency. She has put her finger on it. In times such as these, the Government should support skills, training and young

people. What they should not do is cut Train to Gain or £610 million from the skills, science and universities budget, as the Opposition would do.

**Unemployment (New Skills)**

3. **Ms Dari Taylor** (Stockton, South) (Lab): What steps his Department is taking to assist those who lose their jobs in acquiring new skills. [262851]

**The Secretary of State for Innovation, Universities and Skills (Mr. John Denham):** This is exactly the time to increase investment in skills and training. We need to provide real help now. The Government are spending £4.7 billion on adult skills this year, which will help about 3 million people get the skills that they need to get on in work. In addition, we are providing more than £240 million to support those facing redundancy or who have become unemployed, allocating a further £140 million for 35,000 extra apprenticeship places, trebling the number of career development loans, and supporting the Higher Education Funding Council's £50 million fund to help universities provide swift and responsive help to employers and employees.

**Ms Taylor:** Does my right hon. Friend acknowledge that women have always been seen as the reserve army of labour? What is the Department doing to ensure that women equally access skill training at this time?

**Mr. Denham:** My hon. Friend raises an important point. We keep a close eye on that. I am pleased to tell her that on the most recent figures, a clear majority of those benefiting from further education and skills spending were women—61 per cent. We have looked at the number of people accessing nextstep for advice. Just under half are women. In addition to the programmes that I have mentioned, we are working with colleges to make sure that the offer that they make on skills is increasingly flexible and able to meet the needs of those who may have to reskill as a result of the downturn.

**Sir Patrick Cormack** (South Staffordshire) (Con): Will the Secretary of State be willing to meet members of the William Morris Craft Fellowship scheme to discuss what can be done to encourage more young people, and those who have lost their jobs and are looking for other careers, into a career in the crafts?

**Mr. Denham:** I cannot imagine anything more delightful than the prospect of a meeting with members of the William Morris Craft Fellowship scheme. The hon. Gentleman has championed this issue over many years. Yes; among the many high-technology, highly science-based, high-value-added activities that will be the core of our economy in the future, there will be space for traditional craft skills, which need to be developed. Let us have a meeting and see what can be done.

**Anne Moffat** (East Lothian) (Lab): Does my right hon. Friend agree that we need to celebrate people who achieve decent skills in any sort of industry—whether the manufacturing, nuclear or construction industries? It is easy to get an academic to give a view on something, but it is difficult to get hold of a skilled plumber to fix the loo. Surely we need to celebrate what those people do.

**Mr. Denham:** I entirely agree. It is pleasing to see that many, if not all, further education colleges now hold celebration evenings and events during the year. Last week, we had an enormously successful apprenticeships week in England. That was a particular opportunity to celebrate the success of people who have achieved real and valuable vocational qualifications. I am pleased that as a result of actions taken by party political colleagues north of the border, there is now—rather belatedly—to be added investment in the apprenticeship programme there; more young Scottish people will be able to celebrate success in apprenticeships too.

**Christopher Fraser** (South-West Norfolk) (Con): The Secretary of State has answered the question put by the hon. Member for East Lothian (Anne Moffat), but how would he deal with my constituents' problem? They believe that those on jobseeker's allowance should be able to access training courses much more easily than they can under current Government rules.

**Mr. Denham:** Many FE colleges structure courses to be compliant with the 16-hour rule that normally operates in respect of JSA. In addition, as part of the package of new measures, those providing the courses, totalling more than 70,000 places, to be available to those who have been out of work for six months, will be required to show that they can run them so that a person can start training while continuing their job search—and, when they get into work, carry on with their training. In these times, we need that sort of flexible, personal system that fits in with the benefits rules.

**Tom Levitt** (High Peak) (Lab): In my constituency, 60 new apprenticeships have been announced at Tarmac and the county council has an excellent record of delivering vocational and non-vocation skills in adult and community education over many years. Furthermore, we have the university of Derby at Buxton, a new university blossoming with skills across the board in the further education and higher education sectors. In Derbyshire there is also a big take-up of Train to Gain from employers. Will my right hon. Friend come to High Peak to see how things should be done and how we meet the clearly apparent thirst for skills?

**Mr. Denham:** I would be delighted to visit my hon. Friend's constituency and look at some of the good practice. I have visited the university of Derby, but would like to see many of those other activities.

Let me reinforce an important point that my hon. Friend made. There are significant investors and companies—my hon. Friend mentioned Tarmac—who understand the need to invest in skills training now. During the recession of the late '80s and early '90s, many companies thought that the training budget should be the first thing to go. I believe that that attitude has changed. Many companies have to make hard-headed decisions, but there is a much more positive commitment to maintaining such investment. That is why the Government are maintaining investment in skills and rejecting the advice of the Conservative party, which would cut my Department's budget by £610 million.

**Mr. Speaker:** I call Stephen Williams.

**Mr. David Willetts** (Havant) (Con) *rose—*

**Mr. Speaker:** I did not realise that the hon. Gentleman's name was Stephen Williams. *[Laughter.]* I call Stephen Williams.

**Stephen Williams** (Bristol, West) (LD): I am sure that all Government Front Benchers, and perhaps all Conservative Front Benchers as well, were avidly watching the Liberal Democrat conference in Harrogate last weekend. We discussed rebuilding the economy by nurturing all of Britain's talent. We reaffirmed our commitment to ameliorate student debt by removing university tuition fees and also discussed the barriers to adults' acquisition of skills, whether through further education or apprenticeships.

Does the Secretary of State agree that there are two measures that could be adopted to help adults who need to reskill—because they have lost their jobs or because of the dynamic 21st-century economy? The first is to remove the ludicrous rule that once someone reaches the age of 25 the state will not fund their first level 3 qualification. The second is to encourage employers to offer apprenticeships; the full, off-the-job training costs of adult apprenticeships should be met.

**Mr. Denham:** I did spend the entire weekend watching the Liberal Democrat conference in Harrogate. It was rather like watching a festival of yogic flying, because the hon. Gentleman achieved the remarkable position of promising £3 billion of unfunded commitments on university fees while at the same time abandoning a target of 50 per cent. participation in higher education and promising to cut Train to Gain, so denying hundreds of people the chance to study at work. It really was a quite ridiculous package, and I hope that the Liberal Democrats will not be going around claiming that they are going to cut people's university fees when they have absolutely no way of paying for that without reducing the number of people who can go to university.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): In times of recession, when employers are running down their numbers of employees, that is often done on the basis of last in, first out. The last in are sometimes those who have had physical disabilities, who even in times of economic boom have found it very difficult to get into work. Will my right hon. Friend tell the House what particular focus there will be on retraining and reskilling for those who have had physical disabilities that have prevented them from getting into the workplace very easily?

**Mr. Denham:** One of the reasons why my right hon. Friend the Secretary of State for Work and Pensions has been able to invest significantly more in his Department than was planned even a few months ago is his determination to ensure that the rising number of people who are out of work does not hit the Government's ambitious plans to give greater support to people such as those coming off incapacity benefit, who want to work, and with the right support could work, but might otherwise lose the chance to do so. We are determined as far as is humanly possible to maintain investment in the services that have been developed in recent years to support the very people whom my hon. Friend is talking about and get them into work.

**Mr. Speaker:** I call David Willetts.

**Hon. Members:** Hear, hear.

**Mr. Willetts:** Thank you, Mr. Speaker. I am sorry for my over-eagerness earlier in wanting to respond to the Secretary of State's caricature of our policies.

I want to ask the Secretary of State about something that I hope he will agree is very important in ensuring that people have training and skills in the recession, which is the role of further education colleges. What does he say to a college that had moved out of its old buildings having been promised capital for a rebuild, but will now find itself operating out of temporary classrooms because of his Department's incompetence in its management of the capital programme? How does that contribute to investing in skills in a recession?

**Mr. Denham:** As the hon. Gentleman knows very well from my having made a written ministerial statement last Wednesday as promised, we will spend the £2.3 billion that we have been allocated in this spending review period on capital investment in FE colleges. That is in sharp contrast to the position 10 years ago and comes on top of many hundreds of millions of pounds of investment in recent years. His own constituency has benefited from no fewer than 11 different FE capital projects in recent years. He did not say anything about that, surprisingly.

The Learning and Skills Council informed me about 10 days ago that it had given approval in principle to another 79 colleges, with more in the pipeline. It is clear that we cannot fund all those in the next two years, which is why we have done two things. We have asked the LSC to consult the Association of Colleges and others on ways to prioritise those that are in the pipeline, to give colleges some certainty. Secondly, the LSC has agreed to my request that it appoint Sir Andrew Foster to provide a report to me on how this situation could have arisen.

**Mr. Willetts:** Havant college is actually one of the many colleges affected by the moratorium. We calculate, on the basis of the Secretary of State's own statement, that 144 will be affected. He said that he had invited Sir Andrew Foster to explain to him what went wrong. Will he confirm the details in the LSC's minutes, which we have obtained with a freedom of information request, that senior officials from his Department attended every meeting of the LSC when the capital moratorium was discussed, and that it was specifically concluded at the end of the meeting when the moratorium was first imposed that he should immediately be informed? Why is he now saying that he needs a review, given that his Department was kept in touch throughout this unfolding disaster?

**Mr. Denham:** The position is clear. Ministers were first alerted to a potential problem with the capital programme at the end of November—I am happy to write to the hon. Gentleman with the date. We received the next information just before the December meeting, at which the decision was made not to approve any further colleges in detail. Ministers were not given the picture that I was able to put in the written ministerial statement last week until the week before last—I think, but I will give him the date—as a result of the review that we asked the LSC to conduct. The numbers of

colleges that the hon. Gentleman has calculated that were promised approval in detail, and the numbers in the pipeline—that is significant, because not only colleges that have had approval in principle are waiting for funding clearance—did not become available to Ministers with any clarity until that date. We shared the information with the House within the most reasonable timetable possible—after the LSC met last week to consider which colleges could be approved and the shape of the rest of the programme.

**Science and Engineering Apprenticeships (Young Women)**

4. **Alison Seabeck** (Plymouth, Devonport) (Lab): What steps the Government are taking to encourage participation by young women in science and engineering apprenticeships. [262853]

**The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy):** We are challenging the apprenticeships gender divide by legislating to ensure that young people get impartial careers information on apprenticeships alongside other options. We are also taking positive action for learners in non-traditional occupations.

**Alison Seabeck:** Clearly, the Government have introduced several measures to help encourage young women into apprenticeships, but they still generally go into the lower paid end, and a gender pay problem remains. However, will my right hon. Friend join me in commending Plymouth city college on its "females into engineering" days, which are designed to encourage young women into engineering, and congratulate the three female apprentices whom the Learning and Skills Council has nominated for apprentice of the year?

**Mr. Lammy:** I congratulate Plymouth city college on all that it is doing in science and engineering and the young apprentices on all that they have achieved. My hon. Friend is right to champion again the same rate of pay for female apprentices as for male apprentices. Some progress has been made in the past few years—we have narrowed the gap from 26 to 21 per cent., but much more remains to be done. I hope that she agrees that having the appropriate information, advice and guidance in schools for the first time, and legislating for that, means that young women can properly appraise the pay that they will get, depending on the apprenticeship that they take up.

**Mr. Desmond Swayne** (New Forest, West) (Con): One of the most important ways in which to get young people to take on apprenticeships is to interest them in science and engineering. Will the Government accept my congratulations on their announcement earlier this week that they will implement the Conservative Teach First policy? May I urge them to hold fast to those principles and not to be put off by the agitation of teacher trade unions?

**Mr. Lammy:** The hon. Gentleman is right that this is a time to ensure that those with a background in subjects such as mathematics, who have worked in other sectors of the economy, have the opportunity to come into schools and enthuse young people about science, technology, engineering and mathematics—the STEM subjects. I am sure that he will be pleased about the increases, because of the work and extra money that has been invested, in applications to study those subjects in our universities. We must have that bank of teachers working in those subjects to enthuse our young people.

**Derek Twigg** (Halton) (Lab): To encourage more women to participate in engineering and science apprenticeships, we need more opportunities, especially in my area, the north-west. Are not investing in places such as the Daresbury laboratory and expanding and developing the Daresbury business park, which will be one of the biggest science parks in the country, ways of doing that? Will my right hon. Friend give me an assurance that the Government will continue to consider what they can do to help the Daresbury laboratory provide opportunities for jobs and apprenticeships and underline the importance of the Daresbury science park?

**Mr. Lammy:** We will shortly be publishing the McKillop report on the future at Daresbury, which I am sure my hon. Friend is awaiting.

**Adam Afriyie** (Windsor) (Con): This week marks international women's day and national science and engineering week. The Government talk a lot about equality and rightly so, but after 11 years of this Labour Government, only 2.6 per cent. of engineering apprentices are women, a figure that is virtually unchanged. It is also sobering to note that 15 per cent. of UK engineering students are women, yet in Chile the figure is 21 per cent. The Minister should not be complacent; he should be embarrassed by our progress. What is Chile doing that we are not doing?

**Mr. Lammy:** There is certainly no complacency on this issue. That is why it is important to have critical mass pilots and positive action—something opposed by the Opposition—to ensure that women have those opportunities. It is also why we are putting money into women-led projects, such as the women in science, engineering and construction initiative, to ensure that young women in schools have the right resources and that we challenge gender stereotypes and make progress in this respect. However, until the hon. Gentlemen's party recommends positive action—akin to the positive action that has given us women on the Labour Back Benches—I do not need a lecture from him on equality.

**Apprenticeships**

5. **Lindsay Roy** (Glenrothes) (Lab): How many people started apprenticeships in each of the last five years. [262854]

**The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon):** The numbers of people starting an apprenticeship in England in each of the last five years were: 194,000 in 2003-04; 189,000 in 2004-05; 175,000 in 2005-06; 184,000 in 2006-07; and 225,000 last year. We have rescued apprenticeships, increasing the number from 65,000 in 1997 to 225,000 last year. Completion rates are also at a record high, with 64 per cent. of people successfully completing an apprenticeship, up from 37 per cent. only three years ago. We will be investing more than £1 billion over the next year to ensure that we continue to build and invest in skills and training.

**Lindsay Roy:** I thank my hon. Friend for his helpful response. I congratulate the Minister and the Labour Government on giving such a high priority to investment in apprenticeship training and on their success in continuing to increase numbers. Apprenticeship training is potentially a soft target in difficult economic times, but if we are to remain competitive and ready for the upturn, it is vital that we continue to invest in skills. Is the pattern of investment in apprenticeships consistent throughout the UK?

**Mr. Simon:** May I thank my hon. Friend for that question? He follows in the footsteps of John MacDougall, who was a very special man. In the short time that my hon. Friend has been in the House, he is already filling those boots as a champion of the people of the Glenrothes. In answer to his question about whether the pattern is consistent across the UK, no, I am afraid that it is not. The pattern is one of tremendous investment from this Government—£1 billion in apprenticeships in England—but sadly, under-investment in Scotland, where apprenticeship pay is poor and apprenticeship take-up is pathetic.

**John Bercow** (Buckingham) (Con): May I reiterate to the hon. Gentleman the point that I made on Second Reading of the Apprenticeships, Skills, Children and Learning Bill on 23 February? At present, the overly prescriptive clause 84 would have the effect of denying the chance to participate in apprenticeships to quite large numbers of children and young people with special educational needs—for example, on the autistic spectrum—who perhaps do not have level 2 or level 3 qualifications, but whose mindset and instinct would be well served by such an apprenticeship. Will he allow himself a degree of flexibility in this matter?

**Mr. Simon:** It is a feat of the hon. Gentleman's remarkable and well noted memory that he has managed to recall the title of that Bill, on which we spent an hour and a half in Committee just this morning. I understand the point that he makes and he makes it well, with his usual articulacy and passion. We are going through those matters in Committee. There is absolutely no intention that young people with learning difficulties or disabilities should be anything other than supported, developed and included by the Bill, and I am happy to assure him that they will be.

**Mr. George Howarth** (Knowsley, North and Sefton, East) (Lab): Had the question from my hon. Friend the Member for Glenrothes (Lindsay Roy) asked for statistics over the last 40 years, I would probably have been included in the answer as I was engineering apprentice then. Will he join me in congratulating Councillor Ron Round, the leader of Knowsley council, who has gone out to promote apprenticeships across all sectors in the area? Last year, he succeeded in getting more than 100 apprentices placed into employment across the borough. Would he care to come and look at what has been done in Knowsley and consider rolling it out as a model across the country?

**Mr. Simon:** I am grateful to my right hon. Friend, who over the years has shared a few stories with me of his days as an apprentice—[Hon. Members: "Tell us."] No, I cannot be tempted to betray those confidences now. I am happy to join my right hon. Friend in congratulating the leader of Knowsley council. I cannot help noting that it is the Labour leader of a Labour council in Knowsley who is driving up the number of apprentices, not just in the public sector where we aim for 21,000 new apprentices, but right across the board. I am very happy to congratulate the council leader and I would be more than delighted to visit my right hon. Friend's constituency.

**Mr. David Heath** (Somerton and Frome) (LD): The hon. Member for Glenrothes (Lindsay Roy) asked about consistency across the country. Will the Minister confirm whether my perception is correct—that there are actually rather fewer places for apprenticeships and certainly a lower uptake of them in rural areas? I suspect that the reason has a lot to do with access problems encountered by individual young people. What is he going to do about that problem?

**Mr. Simon:** I do not believe that there is much hard data on this, but I can confirm that there is an issue in more rural areas, where there is likely to be fewer large employers and less heavy industry, so perhaps there is less of a tradition of apprenticeships. To tackle that, we are developing and extending group training associations and what we call apprenticeship training associations, which are different types of confederations and sharing systems for apprenticeships, so that the smaller businesses that are more likely to be found in rural areas are able to provide apprenticeships. When the Apprenticeships, Skills, Children and Learning Bill is passed and we have a National Apprenticeship Service, one of the first things it will do is go out into the harder-to-reach parts of the country, to spread the word and the practice of apprenticeships.

**Mr. Jim Devine** (Livingston) (Lab): I just want to check that I heard what the Minister said a few moments ago correctly. Did he say that while we are charging ahead with increasing apprenticeships in England, the Scottish Nationalist party Government have cut the budget, are paying less money to apprentices and, as I understand it, were going to cut the number of apprenticeships, had it not been for the fact that the Labour group demanded in the last budget that the number be increased? Is that correct?

**Mr. Simon:** I understand why my hon. Friend puts those questions in that way, as it does sound extraordinary and almost unbelievable, but yes, I believe that it is like that in Scotland. I cannot remember whether apprentices are paid a minimum £30 or £40 a week in Scotland, but in England it is £80 and rising to £95. He is correct that, apparently, the SNP Government have cut the budget and the number of apprenticeships. I agree with my hon. Friend that that is extraordinary and inexplicable, but it is absolutely not the way that this Government will run apprenticeships in England. I am sad to say, however, that with their £610 million of cuts, that is exactly where Conservative Members would take us back to if they got their way.

**Mr. John Hayes** (South Holland and The Deepings) (Con): Contrary to the Minister's rather intemperate suggestions, he knows that the Conservatives support apprenticeships because we know that growing skills

spreads opportunity, feeds social mobility and boosts our economy. That is why we will create 100,000 more apprenticeships, as we outlined in our green paper. Those will be genuinely new places, not the result of

"converting government-supported programmes of work-based learning into apprenticeships",

which the House of Lords Select Committee recognised as the principal reason for the growth in the number of apprenticeships that the Minister described. Will he now give the House an absolute assurance that all of the future expansion of public sector apprenticeships that the Government promise will be new training for new staff and not just the result of converting existing training into apprenticeships and existing staff into apprentices?

**Mr. Simon:** I can absolutely give the hon. Gentleman the assurance that the investment that we plan—which he plans to cut, but which will rise over the next two years—of an extra £1 billion in apprenticeships will carry on. The 21,000 new apprenticeships in the public sector, each and every one of them, will be new training—of course they will.

### Student Loan Book

6. **Paul Rowen** (Rochdale) (LD): What progress has been made in selling the student loan book. [262855]

**The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy):** The Government still intend to make sales from the student loan book, but it is clear that that should be done only when we can get a good return for the taxpayer. For the time being, the market conditions do not allow that, but we will actively look to identify opportunities for a sale that represents value for money as market conditions improve.

**Paul Rowen:** I am grateful to the Minister for that reply. Does he therefore admit that Government policy has been an abject failure? In fact, the Government's taking on of other people's bad debts and trying to sell off the student loan book is not a goer, either now or in the future.

**Mr. Lammy:** I do not accept that, but what I do accept is that we are in a global downturn. Market conditions have changed since the proposal was brought before the House. That is why I made the announcement that I have made today.

**Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): Student loans are an important policy area and, along with grants, bursaries and the education maintenance allowance, have encouraged serious numbers of young people from my constituency to go into further and higher education. Will the Minister reassure me and confirm that that funding will continue?

**Mr. Lammy:** I am obviously pleased: we predicted that a third of students should be entitled to a full grant—indeed, uptake went to 40 per cent.—and two thirds of students are entitled to a grant of some sort. That has made a huge difference.

I know that my hon. Friend will also be pleased—these issues are hugely relevant in her constituency, and she continues to champion them again and again—that there has been an 8 per cent. rise this year in the number of students from poorer socio-economic backgrounds going into higher education.

### Apprenticeships (Sedgefield)

7. **Phil Wilson** (Sedgefield) (Lab): What steps he is taking to increase the number of apprenticeship places in Sedgefield constituency. [262856]

**The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon):** Last year, 590 people started an apprenticeship in the Sedgefield constituency—the highest number for five years. In January, the new online National Apprenticeship Vacancy Matching Service went live, enabling employers to advertise apprenticeship vacancies at no cost and prospective apprentices to search for places across England.

The new National Apprenticeship Service will be fully functional from 1 April, providing a single point of contact for employers and apprentices. To raise awareness and encourage more employers to take on more apprenticeships, we are running a national advertising campaign fronted by Sir Alan Sugar, no less.

**Phil Wilson:** I thank the Minister for that reply. We need to applaud the Government for saving the apprenticeships scheme from the previous Administration. In my constituency, the number of apprenticeships has gone up by 80 per cent., but 15 per cent. of adults still do not have any qualifications. Will he tell me what the Government are doing to ensure that that figure continues to decline?

**Mr. Simon:** I will tell my hon. Friend, and I thank him for his analysis, which means a lot coming from such an assiduous representative of his constituents. He wanted to know the number of apprentices in Sedgefield; the answer is 590. Shall I tell him how many apprentices per UK constituency, on average, were starting apprenticeships in 1997? The answer is 20. Congratulations are due for the fact that there are 590 apprentices in Sedgefield. The biggest single thing we are going to do is increase the investment in apprenticeships to more than £1 billion over the next two years, unlike the Conservative party, which is committed to cutting it.

### Student Loan Repayments (Arrears)

8. **Mr. David Heathcoat-Amory** (Wells) (Con): How many former students resident outside the UK are in arrears with their student loan repayments. [262857]

**The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy):** According to the latest published provisional data for 2007-08, 500 income-contingent loan borrowers living overseas are in arrears.

**Mr. Heathcoat-Amory:** Is there not a developing scandal in that UK-based students are repaying their loans through the tax system and are often having great difficulty doing so, while an increasing number of overseas students are not making their repayments, cannot be contacted or are falling into arrears? Will the Minister confirm that the figure in 2007 was 70 per cent. of such overseas students? Will he tell the House what legal action is being taken by the Student Loans Company or his Department to recover the money?

**Mr. Lammy:** On this occasion, the right hon. Gentleman is a little premature. When the system began in 2006, 7,100 students from the EU were entitled to loans. He will understand that those students do not graduate until this summer, and will be eligible to repay from the spring of 2010. Some students dropped out while on courses, and many of them are on other courses and below the threshold. Many of them are back in their European countries on other courses and below the threshold. That leaves a small number of students, and I can confirm that nine are being chased through the courts.

**Mr. David Evennett** (Bexleyheath and Crayford) (Con): As my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) highlighted, the fact that 70 per cent. failed to start repaying student loans that they took out while studying in UK universities is rather disappointing. A spokesman for the Student Loans Company has said that it does not write routinely to addresses provided. That is surprising. I believe that it is a warning of a much bigger problem to come when more EU students graduate. Does the Minister not think that the problem was predictable and avoidable? Will he promise to take action sooner rather than later, because fewer repayments from yesterday's students means less money for tomorrow's students?

**Mr. Lammy:** The soundbite at the end was okay, but—*[Interruption.]* I just remind the hon. Gentleman that 10,000 UK students are studying in European countries, and many of those UK students are entitled to loans and grants in foreign jurisdictions, so the suggestion that somehow EU students are more dishonest than UK ones is not right. As I have said, the 70 per cent. figure is plain wrong. Most of that 70 per cent. is made up of students who have changed their courses, dropped out of courses, are still in education and are certainly beneath the threshold. Most of those students do not graduate until the summer of this year and, as he would expect, the Student Loans Company is putting in place everything it can to ensure that we chase down those students when they graduate.

## University Access

9. **Mr. John Grogan** (Selby) (Lab): What steps he plans to take to increase the number of people from poorer backgrounds attending university. [262858]

**The Secretary of State for Innovation, Universities and Skills (Mr. John Denham):** This Government are committed to ensuring that every young person has a fair chance to attend a university. The proportion of young entrants from lower socio-economic groups going to university has increased steadily, reaching almost 30 per cent. in 2007. The National Council for Educational Excellence set out a series of further measures to widen participation and promote fair access, and we are working with a group of 11 selected research-intensive universities that are committed to reaching out to talented students from disadvantaged backgrounds to ensure that they have a chance to demonstrate what they can achieve.

**Mr. Grogan:** Does my right hon. Friend agree that the university of York's bursary scheme, which is based on household income, is more likely to encourage more students from lower-income backgrounds to apply than, say, the university of Sheffield's bursary scheme, which is heavily weighted towards A-level results? Does that not reinforce the case for a national minimum bursary scheme, so that all students, wherever they applied, would know what support to expect?

**Mr. Denham:** So far the Government have not been convinced that we would be better off with a national bursary scheme, because it would be hard to determine how it differed from the national system of student financial support. Universities enjoy freedom and flexibility in determining their bursary schemes, although the schemes must be agreed with the Office of Fair Access. I have no doubt, however, that the operation of such schemes is one of the issues that will examined when the review of fees and financing is launched later in the year.

**Mr. Charles Kennedy** (Ross, Skye and Lochaber) (LD): Although there is good practice and much is being learned at universities throughout Britain, the Department may be interested in a specific example arising from my involvement with the university of Glasgow. When people were encouraged to provide more scholarships, especially for disadvantaged students, it became clear that many of those who might be considered eligible to donate were put off by the very word "scholarship", assuming that it was necessary to be extremely rich to provide a scholarship or endowment. In fact the donations can be quite small, but they can make all the difference—particularly to a potential student from a disadvantaged background in, say, the city of Glasgow who might otherwise not go to university.

**Mr. Denham:** That is an interesting point. We are always willing to learn from good practice wherever we can find it. We have encouraged further donations to support such activity with a match funding scheme launched last summer, which provides additional funds from the taxpayer if universities can also raise money from endowments.

A key issue is that we are currently losing a set of students who do not get near to applying for what they perceive as the most selective and competitive universities, generally the most research-intensive. That is why I am so encouraged by the work being done by the group of 11 universities with which we are working. They are examining ways they can proactively seek out such students—who may intend to go to university, but not to apply for places at the research-intensive universities—and encourage them, by means of summer schools or other such activities, to consider studying at such universities. I believe that breaking down the barriers to aspiration is as important as some of the financial inducements in the system.

**Mr. Virendra Sharma** (Ealing, Southall) (Lab): Does my right hon. Friend agree that more than half of all young people from all social backgrounds aspire to embark on higher education, and that those who reject the target of allowing them to do so—including Opposition Members—merely demonstrate that they do not share the dreams of those young people?

**Mr. Denham:** My hon. Friend is absolutely right. As we have observed in the Chamber over many weeks and months, those who come up with arguments against the

50 per cent. target—arguments such as "We would not want to set a target because you cannot tell people to go to university"—are simply disguising the fact that they do not share the ambitions of young people across the country, and have no commitment to the policies that would make a difference. If they ever got their hands on the budget, they would do what the Conservative party has already promised to do and reduce the budget to make it impossible for progress to be made for those young people.

## Topical Questions

T1. [262873] **Mr. David Drew** (Stroud) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

**The Secretary of State for Innovation, Universities and Skills (Mr. John Denham):** This is national science and engineering week, featuring events involving around 1.5 million people. As I am sure the House will know, the website for the Save Our Bees campaign has been overwhelmed by public interest and support. *[Laughter.]* Hon. Members laugh, but I believe that that demonstrates that science and public support for it are critical to tackling the great challenges of our time, including the environmental challenges.

In the past 10 years the Government have doubled science spending, which will rise to nearly £6 billion by 2010-11, creating an outstanding research base and a huge national asset. As the Prime Minister said recently,

"we will meet our ten-year commitment to maintain science spending... we will maintain the ringfence we have placed around science funding - protecting money for science from competing demands in the short-term".

**Mr. Drew:** As one who has just written an article on "Save Our Bees", I congratulate my right hon. Friend on what we are doing for science; but let me turn to the issue of apprenticeships. I congratulate the Government on the scheme allowing those unlucky apprentices who have been unable to complete their apprenticeships because of the recession to be taken on by other companies, but will my right hon. Friend look into the funding of that scheme? It may be necessary to consider some form of wage compensation—particularly in the automotive industry—because it seems that at present people often undertake the training off their own bat without any direct reward. Surely it is only right and proper for them to receive such a reward to enable them to finish their courses properly.

**Mr. Denham:** There are a number of important issues in my hon. Friend's question. We have already taken steps to enable those apprentices who may lose their jobs to continue to the end of their technical training, and we are looking at further ways of offering support. We have committed up to £100 million to the skills council that covers the motoring industry for enhanced investment in training, and, as my the Under-Secretary of State for Innovation, Universities and Skills, my hon. Friend the Member for Birmingham, Erdington (Mr. Simon), mentioned, we are working with group training associations, which are of particular relevance to engineering companies in the supply chain, to ensure that they are able to sustain apprenticeships. My right hon. Friend the Business Secretary met with the motor industry yesterday to discuss the wider package of measures, such as the potential of £2 billion of support for the industry, including investment from the European Investment Bank. That is obviously also important in maintaining investment in skills and training.

**Dr. John Pugh** (Southport) (LD): Has the Secretary of State had a chance to study early-day motion 1013, which deplores the university of Liverpool's intention to close down the three departments of philosophy, politics and statistics? A great city such as Liverpool needs philosophy and politics. What can the Minister do to discourage this appalling philistine act?

**Mr. Denham:** As we often celebrate in this House, we have a world-class higher education system in this country. One of the reasons for that is that I do not run the universities and I do not make such decisions about individual universities. I think that that is a shared view across the House. The truth is that these decisions—which often give rise to local, and sometimes even national, concerns—are decisions that must be taken by the universities themselves in developing their own priorities and sense of mission. I do not believe that our university system would be better off if central Government were to begin to dictate to universities which departments they should or should not close. Occasionally, the funding councils will rightly step in with strategic funding, as they have done in the past to sustain physics departments, but that is different from my stepping in on decisions made by Liverpool or any other university, which will inevitably make changes to their pattern of courses and investment over years to come.

T3. [262875] **Phil Wilson** (Sedgefield) (Lab): Next Tuesday, there will be the official opening of the Printable Electronics Technology Centre in Sedgefield, one of only four facilities of its kind in the world, and it has been forecast that by 2015 that will be an industry worth £16 billion. The centre's innovation has already helped to save 600 jobs at Thorn Lighting in County Durham and is helping to prepare the north-east for the economic upturn. What else are the Government doing to promote science and innovation in our economy, and will my right hon. Friend welcome the opening of PTEC and meet representatives from it to discuss the importance of the technology?

**Mr. Speaker:** Order. May I remind the House that these are topical questions, so I ask for quick, punchy questions and quick, punchy answers?

**Mr. Denham:** In addition to the science investment to which I have referred, the Government are investing in the Technology Strategy Board, one of the major investors in the centre in my hon. Friend's constituency. It is by maintaining investment in science and research that we can create the jobs of the future economy that will make us competitive and prosperous. I congratulate my hon. Friend and his constituency on what they are achieving.

T2. [262874] **Tony Baldry** (Banbury) (Con): What can we all do to help the Secretary of State extract further funding for further education in his discussions with the Chief Secretary? Earlier this week, the Secretary of State for Work and Pensions made it clear to the House that he had found an extra £2.2 billion from the

Treasury, and I am sure that, if we all came together with the Secretary of State for Innovation, Universities and Skills, we could, with a charm offensive, persuade the Chief Secretary that skills and training are a very good investment in a recession and that there are very good capital projects in that regard that will create much-needed employment in the construction industry. If so, projects such as those for Oxford and Cherwell Valley college could go ahead, all of which would be extremely good news. We want to help the Secretary of State.

**Mr. Denham:** All help gratefully received, but the truth is that the Chief Secretary to the Treasury has already enabled me to bring well over £100 million of extra investment in FE colleges forward to this and the next financial year. We have also brought forward more than £100 million of investment in higher education for the coming years, and we have had new investment for apprenticeships and for training and skills for those who may lose their job. The Chief Secretary has been very good at recognising the case we have made for extra investment, but, as I have said, I will never turn down help from any quarter because we are always willing to invest more.

T4. [262876] **Mr. Andy Slaughter** (Ealing, Acton and Shepherd's Bush) (Lab): Will my right hon. Friend join me in welcoming the 64 per cent. rise in the number of young people entering higher education from my constituency in the past 10 years—three times the national average? Will he continue to invest in higher education, and will he tell me what the effect on those figures would be if £600 million was cut from the universities and skills budget, as proposed by the Conservative party?

**Mr. Speaker:** Order. Just the one supplementary answer will suffice.

**The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy):** I can tell my hon. Friend that it would be disastrous. He will see that this week we published figures showing what has happened in every constituency across the country, and in the 88 most deprived constituencies, time and again numbers have doubled—they have gone up. That would all be gone if we saw the reduction proposed.

T5. [262877] **Sir Nicholas Winterton** (Macclesfield) (Con): Following up the question raised by my hon. Friend the Member for Banbury (Tony Baldry), I am sure that the Secretary of State will agree that, when the world economic downturn comes to an end, the United Kingdom will face a real challenge to its competitiveness, particularly from the developing countries and the far east. Does he not agree, as my hon. Friend stressed, that colleges such as Macclesfield college in my constituency can play a major role in providing the skilled apprentices and work force that this country will need to survive. What new initiatives is the Secretary of State going to take?

**Mr. Denham:** Of course colleges are going to be crucial, which is why the investment we have made in new colleges and in the expansion of the training budget will turn out to be one of the best investments this country could possibly have made in making sure that we raise skill levels and have the capacity to train more people for the future. I say to the hon. Gentleman that the best way to support us is to persuade his Front-Bench colleague, the hon. Member for Havant (Mr. Willetts), to reject the cuts in the budget for my Department being proposed by his party.

T6. [262878] **Ben Chapman** (Wirral, South) (Lab): Does the Secretary of State agree with me that, especially in a time of economic downturn, investment in human resources in general and in apprenticeships in particular needs to be increased? Will he confirm that the investment in apprenticeships will continue to increase in small and large firms, public and private, and in the wider economy generally, and take account not just of constituency location but of travel-to-work areas? A number of my constituents have to travel outside the constituency to Deeside, Ellesmere Port, Liverpool, Chester and so on to find these most valued apprenticeships.

**The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon):** My hon. Friend has put the case perfectly himself, and I and my right hon. and hon. Friends have made it repeatedly this morning. It is exactly as he says: we will continue to invest—investment will rise to £1 billion in the next two years—and the Conservative party are committed to cut.

**Mr. Peter Bone** (Wellingborough) (Con): Why is it, then, despite what we have heard, that Tresham institute in my constituency was promised expansion money in December but that was postponed, and was postponed again in March? This Government say that they are bringing forward capital spending; they are actually pushing it back.

**Mr. Denham:** May I refer the hon. Gentleman to the written ministerial statement last week that shows we are bringing capital expenditure forward? However, as I made clear in that statement and at this Dispatch Box, Tresham and a number of other colleges have been given approval or encouragement by the Learning and Skills Council way beyond the resources that it has to allocate in this spending review. That is precisely why I asked the LSC to appoint Sir Andrew Foster to provide a report for me, which will of course be published, on how this situation arose. I can understand the views of people involved in the hon. Gentleman's college. The LSC has created this situation, and we will need to resolve it with it, and Sir Andrew will report to us on how the situation arose.

T7. [262879] **Mr. Andrew Love** (Edmonton) (Lab/Co-op): The benefits to small enterprises of an increasingly skilled work force are well known. What action is my right hon. Friend taking to raise employers' awareness of the Skills for Life programmes, so that they can help to invest in training and increase the productivity of their business?

**Mr. Simon:** I am grateful to my hon. Friend. This week, we launched a refreshed Skills for Life strategy. Since we came to office, 2.8 million people have got basic skills under that strategy that they did not have before, and which they would not have had under the Opposition.

**Andrew Stunell** (Hazel Grove) (LD): Does the Minister share my concern at the performance of the Learning and Skills Council in cancelling the proposed redevelopment of Cheadle and Marple sixth-form college and, furthermore, in leaving 900 students without their education maintenance allowances in January of this year? Will he tackle the LSC on both of those topics?

**Mr. Denham:** They are both issues of legitimate concern. The hon. Gentleman will be aware that the Apprenticeships, Skills, Children and Learning Bill currently going through Parliament will abolish the Learning and Skills Council.

T9. [262981] **Liz Blackman** (Erewash) (Lab): The student fee assumption, which is the amount that the LSC assumes FE colleges will collect from adult students in training, is rising steadily. Will the Secretary of State undertake to keep that level under review, given falling family and company budgets?

**Mr. Denham:** I understand my hon. Friend's point, which has been raised by colleges. We always keep such matters under review, but I have two points to add. The performance of colleges in recovering fees varies widely and some are much more effective than others. I would be worried about pursuing a course of action that effectively penalised those colleges that take fee recovery seriously in order to reward those that have not previously focused on it in the way they might have done. We can continue to discuss that issue, but we need to be careful about doing anything that may have untoward consequences.

**Mr. Rob Wilson** (Reading, East) (Con): Has the Secretary of State looked at the tremendous success of the United States community college system in attracting students from non-traditional backgrounds into higher education? They are local, flexible institutions that are properly integrated into the US system. Can we learn anything from the US?

**Mr. Denham:** Although I do not think that the structure of community colleges could be easily imported into our system without enormous disruption and relocation, there are elements of the community college system that we could build into it effectively, particularly—although not only—the ability to progress from vocational qualifications to vocational education at a higher level. In a recent speech to university vice-chancellors, I made it clear that we need to do more of that in the future. From what I have seen of US community colleges, they have strengths in that area.

## Business of the House

11.32 am

**Alan Duncan** (Rutland and Melton) (Con): May I invite the Leader of the House to give us the forthcoming business?

**The Leader of the House of Commons (Ms Harriet Harman):** The business for next week will be as follows:

MONDAY 16 MARCH—Second Reading of the Industry and Exports (Financial Support) Bill.

TUESDAY 17 MARCH—Remaining stages of the Welfare Reform Bill.

WEDNESDAY 18 MARCH—Opposition day (8th allotted day). There will be a debate on the economy which will arise on an Opposition motion.

THURSDAY 19 MARCH—Motion relating to the draft Legislative Reform (Insolvency) (Advertising Requirements) Order 2009, followed by a topical debate, subject to be announced.

FRIDAY 20 MARCH—Private Members' Bills.

The provisional business for the week commencing 23 March will include:

MONDAY 23 MARCH—Remaining stages of the Coroners and Justice Bill (first allocated day).

TUESDAY 24 MARCH—Conclusion of remaining stages of the Coroners and Justice Bill.

WEDNESDAY 25 MARCH—Opposition day (9th allotted day). There will be a debate on an Opposition motion, subject to be announced.

THURSDAY 26 MARCH—A general debate on defence in the UK.

FRIDAY 27 MARCH—Private Members' Bills.

The House will also wish to know that on Tuesday 31 March, my right hon. Friend, the Chancellor of the Exchequer, will open a debate on the economy.

**Alan Duncan:** I thank the Leader of the House for giving us the future business. First, I have been asked by the noble Lord Myners, the Minister responsible for the City, to state that contrary to what I said last week in this House he receives no pension from NatWest bank and no entitlement from the Royal Bank of Scotland Group. I am happy to offer that correction today. Yesterday—[HON. MEMBERS: "An apology?"] I am very happy to call it an apology if that is what the House wishes.

Yesterday, in response to a question from my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton), the Prime Minister said that the Government would be

"happy to debate the economy at any time in this House". —[*Official Report*, 11 March 2009; Vol. 489, c. 292.]

It has taken some time. The embarrassing truth for the Government is that, during this period of national crisis, there have been just two debates in Government time on the economy since October—one after the pre-Budget debate last autumn, which was demanded by the shadow Chancellor and thankfully granted by you, Mr. Speaker, and one, as is customary, after the Queen's Speech. Now, at last, after extensive pressure, the Government have been shamed into holding a debate on Tuesday 31 March. We will none the less proceed with our Opposition day debate on the economy next Wednesday. Can the Leader of the House confirm that the Chancellor will be at both debates?

May we have a statement from the Government on the purpose of Select Committees? Yesterday, the Liaison Committee published its annual report into the work of Select Committees, which stated that the already over-stretched state of the Committee machinery was being exacerbated by Committees' being too large and by the establishment of too many Committees. Will the Government once again explain why they have just created a further eight new Committees, at least two of which, as we learned from points of order on Tuesday, did not even manage to hold their first meeting as they were supposed to? Does that not speak eloquently of the total uselessness of regional Select Committees?

May we have an opportunity to debate the issues surrounding protests in a democracy? There is still no indication from the Government about what they plan to do about the vulgar encampment and constant megaphone bellowing in Parliament square, which is a permanent national embarrassment. When can we expect such a debate or statement? Rather more importantly, will the Leader of the House join me and others in condemning the ignorance of those protesters in Luton who did everything they could to spoil what should have been a day dedicated to honouring the British soldiers who have put their lives on their line to do their duty under threat abroad?

The Secretary of State for Communities and Local Government is obstructing the publication of details about where money has been spent on the preventing violent extremism pathfinder fund, even though the details were published for last year. Ministers are accountable to Parliament, especially on the spending of money. This appears to be unacceptable behaviour from the Secretary of State and brings her and this place into disrepute. Will the Leader of the House convey to the Secretary of State the displeasure of the House and seek a full apology from her along with the information to which hon. Members are fully entitled?

Does the Leader of the House think that she has given enough time for the Welfare Reform Bill on Report, given the ferocity of the amendments that have been tabled to it by her Back Benchers? On Monday, the Department for Work and Pensions was subjected to the attentions of some furious protesters, including an organisation known as Feminist Fightback. Given that the Leader of the House has been pictured before wearing a T-shirt bearing the inscription "This is what a feminist looks like", might we assume that she, too, took part in that protest?

Even though, perhaps surprisingly, that event was not covered by the *Daily Mirror*, in the course of this week the Leader of the House has been. May I congratulate her on being the centrefold of that newspaper on Monday? In the past, she has said that she thinks that Prime Ministers' wives ought to buy their clothes at Primark; now, she says that she "loves stilettos" and that she shops in Primark herself. I am more Savile Row, I have to admit—*[Interruption.]* But not stilettos. Might we conclude that this is preparation for her becoming Prime Minister?

*[Alan Duncan]*

When the right hon. and learned Lady was asked what attracts her to other politicians, she answered:

"I prefer men"—

that is a very good start—

"with big...brains".

Could it be that I have found favour with her at last?

**Ms Harman:** Perhaps I may start by thanking the hon. Gentleman for the correction that he has made in respect of Lord Myners. The hon. Gentleman has acted appropriately: he said something, it was pointed out that it was wrong, and he has come to the House at the next opportunity to put it right. I thank him for that, and I think that he has done exactly right.

The hon. Gentleman asked about the debate on the economy. Since the credit crunch began to take effect as a result of the global financial crisis, this House has had the benefit of constant accountability on the economy through oral statements, Bills, questions raised with the Chancellor of the Exchequer and the Prime Minister, and topical debates. It is for the Opposition to choose the subject of an Opposition day debate, and for next week's they have chosen the economy. It is for the Government to determine which Minister to put forward.

The Liaison Committee's report pays tribute to, or at least acknowledges, the Government's concern to provide greater accountability to the House. As for regional Committees, we think that it is important that the massive agencies with big regional reach which are making a huge difference in every region by injecting capital and improving skills, are properly accountable to the House. The spate of what I would call misleading points of order implied that there was something untoward about the first set of regional Committee meetings. That is absolutely wrong: the normal process is that, when members of a Committee are selected—*[Interruption.]* It is not the case that they did not turn up. When members of a Committee are selected, it is for the most senior to arrange with the Clerks when the meeting should be held. Most of the meetings have been held this week: some will be held today, and the remaining one or two will be held next week.

The regional Committees will go ahead with their work of holding regional agencies to account for the hundreds of millions of pounds that they spend, and I suggest to Opposition Members that they join that work. They too should be concerned about the Highways Agency, the Learning and Skills Council and the strategic health authorities, all of whose actions should be scrutinised at regional level as well as on the Floor of the House.

The hon. Gentleman asked about the encampment in Parliament square. There will be Justice questions next week, and I suggest that he raise the matter then, when will hear what the plans are to deal with it.

The hon. Gentleman raised the point about the shameful demonstrations in Luton, something that I think everyone in the House is concerned about. The local people wanted to welcome the troops back, and I think that we all agree that the counter-demonstrations were deplorable. I think that we all feel struck by the contrast between the freedom of speech that allows people to demonstrate and the conditions in those countries where our soldiers are fighting for democracy, freedom of speech, peace and security, both in the region and in the world.

The hon. Gentleman talked about the accountability of the Department for Communities and Local Government for local spending. Obviously, the Department wants to answer parliamentary questions and be accountable for its spending. There is no attempt not to be open about what we regard a very important programme of ensuring that the police work for greater security. We also work with local communities to ensure that we prevent radicalism and extremism.

The hon. Gentleman asked for my view on the Welfare Reform Bill. I have always thought that it is a bad thing for a child to be brought up in a house where no one works. That is not just a question of income: it is important for children to see their parents getting up and going out to work every day. That is how children learn that they, too, will be in the world of work when they grow up, not simply expecting to live off benefits. So not only is the work that arose originally from the new deal for lone parents—which involves more help, more child care and more training for lone parents to get into work—good for their household budgets, but it is good for the children to see that people go out to work, rather than live off benefits.

The hon. Gentleman made some sideways remarks about me and the rumours of suggested manoeuvrings and all the points made by the shadow Foreign Secretary. When hon. Members stand at the Dispatch Box, it is important that they speak honestly and truthfully and that they do not mislead the House. The hon. Gentleman has raised this issue for a number of consecutive weeks, but there is not one shred of truth—not one iota of truth—in any of the suggestions that have been circulated in the newspapers. Although we cannot stop the newspapers reporting them, he can at least respect what I tell him about that and not continue to make those accusations from the Dispatch Box. And, yes, I am wearing my stilettos today.

**Paul Flynn** (Newport, West) (Lab): To honour the fallen in Afghanistan and Iraq and to remind us of the true costs of war, when can we debate early-day motion 846, as well as early-day motions 847 to 853 and 924 to 933?

*[That this House salutes the bravery of the armed forces serving in Afghanistan and records with sorrow the deaths of Lance Corporal Jake Alderton of 36 Engineer Regiment, Major Alexis Roberts, 1st Battalion The Royal Gurkha Rifles, aged 32 from Kent, Colour Sergeant Phillip Newman, 4th Battalion The Mercian Regiment, aged 36, Private Brian Tunnicliffe, 2nd Battalion The Mercian Regiment (Worcesters and Foresters), aged 33 from Ilkeston, Corporal Ivano Violino from 36 Engineer Regiment, aged 29 from Salford, Sergeant Craig Brelsford, 2nd Battalion The Mercian Regiment, aged 25 from Nottingham, Private Johan Botha, 2nd Battalion The Mercian Regiment from South Africa, Private Damian Wright, 2nd Battalion The Mercian Regiment, aged 23 from Mansfield, Private Ben Ford, 2nd Battalion The Mercian Regiment, aged 18 from Chesterfield, Senior Aircraftman Christopher Bridge from C Flight, 51 Squadron Royal Air Force Regiment, aged 20, from Sheffield, Private Aaron James McClure, 1st Battalion The Royal Anglian Regiment, aged 19 from Ipswich, Private Robert Graham Foster, 1st Battalion The Royal Anglian Regiment, aged 19 from Harlow, Private John Thrumble, 1st Battalion The Royal Anglian Regiment, aged 21 from Chelmsford,*

*Captain David Hicks of 1st Battalion The Royal Anglian Regiment, aged 26 from Surrey, Private Tony Rawson of 1st Battalion The Royal Anglian Regiment, aged 27 from Dagenham, Essex, Lance Corporal Michael Jones, Royal Marines aged 26 from Newbald, Yorkshire, Sergeant Barry Keen of 14 Signal Regiment, aged 34 from Gateshead and Guardsman David Atherton from the 1st Battalion Grenadier Guards, aged 25 from Manchester.]*

**Ms Harman:** We debated Afghanistan earlier this year, and our thoughts are always on future progress in Iraq. As my hon. Friend has brought to my attention his early-day motion, I will look at it and write to him.

**Mr. David Heath** (Somerton and Frome) (LD): May I lend weight to the points made by the hon. Member for Rutland and Melton (Alan Duncan) about the protesters in Luton? I have been very strongly against many of the Government's military expeditions, but that is not the way to make a protest; it was inappropriate.

I am glad that the Leader of the House mentioned that one of the functions of the regional Select Committees is to monitor the work of the Department for Transport. I am sure that the Secretary of State for Transport will be quaking in his boots at the thought that the Labour party quasi-Committee for the south-west will be chaired by his own Parliamentary Private Secretary. That is true parliamentary scrutiny.

I am pleased to say that the Coroners and Justice Bill will be given two days' consideration on Report—23 and 24 March—but is the Leader of the House aware of the fact that the Committee only finished its work on Tuesday this week, after one extra sitting and three late sittings? The very bare minimum statutory time will have elapsed between the finish of the Committee and debate on Report. The Government have given a large number of commitments to table amendments to that complex Bill. I simply do not believe that they will be ready for the debate on Report. Will she look at that again?

Can we have a debate on the efficacy of face-to-face passport interviews in which our constituents have to engage, at great personal expense very often and at great personal inconvenience? The figures until July 2008 were that 216,000 of those interviews had taken place at a cost of £115 million. Of those 216,000, not a single person was rejected. Are we entitled to ask whether that is worth that money and inconvenience to our constituents?

I do not know whether the Leader of the House noticed the comments made by Sir Tim Berners-Lee—who, of course, is the inventor of the world wide web—at a meeting in the House yesterday with my noble Friend Baroness Miller of Chilthorne Domer, at which he drew attention to the dangers of so-called behavioural targeting technology, which is the way that people's personal attributes are taken from their activities on the web and used for advertising purposes. He said:

"We must not snoop on the internet. What is at stake is the integrity of the internet as a communications medium."

Do we not need to take that issue seriously if we are to maintain the privacy of the individual?

Lastly, I have asked for debates on satnavs before, and for debates on local authority spending. Could we bring the two together, and have a debate on council priorities in Leicestershire? I notice that Conservative-controlled Leicestershire county council is fitting satnavs to 14 lawnmowers because it claims that there has been an

"unprecedented amount of growth",

and that gardeners

"kept getting lost in long grass"

—*[Laughter.]*

It would be funny if people were not losing their jobs, and if there were not people who needed the help of council services. I wonder whether the story puts a whole new complexion on the term "county council cuts".

**Ms Harman:** Instead of just complaining about the south-west regional Committee, the hon. Gentleman should be encouraging colleagues from his party who represent seats in the south-west to play their part in holding important regional agencies to account.

I thought that when the hon. Gentleman mentioned the Coroners and Justice Bill he would say how much he welcomed the fact that, unusually, we have given two days for the remaining stages, so that there can be detailed consideration of all the issues that need to taken forward, even after Committee. Obviously, all the amendments will be ready for debate and discussion, and as much notice as possible will be given.

The Home Office keeps issues such as face-to-face passport interviews under review. We need to strike the right balance between the ability to use the internet for administrative convenience and for the convenience of those who are applying, and making sure that there is human, face-to-face activity, so that we can ensure that the system is on track. No doubt the Home Office keeps the matter under review. As far as the behavioural targeting technologies are concerned, we all agree that the advance of the internet and digital technology will be very important for our economy in future, particularly post-recession. The digital contribution to the economy will be ever more important. That is very much a priority for the Department for Business, Enterprise and Regulatory Reform, but obviously we have to make sure that such advances are properly regulated.

I imagine that the hon. Gentleman read about the satnavs on lawnmowers in the newspapers—

**Mr. Heath:** It is genuine.

**Ms Harman:** The hon. Gentleman says that, but he will have to raise the matter with Tory colleagues on Leicestershire county council—*[Interruption]*—yes, having grassed them up.

**Siobhain McDonagh** (Mitcham and Morden) (Lab): Nikita is 17 years old and profoundly deaf. She moved to my constituency in September with her Gurkha family. Despite having been allocated a Connexions adviser and a social worker, and having had assessments and meetings, she still does not have the one thing that she wants: a college place. May we find the time for a debate on how effective the Connexions service actually is, and how it interfaces with social services departments?

**Ms Harman:** I suggest that my hon. Friend considers seeking a meeting with the relevant Minister about her constituent, whom she is backing so actively. She may also consider making the general issue the subject of a Westminster Hall debate.

**Sir Patrick Cormack** (South Staffordshire) (Con): Could I ask the Leader of the House and the self-proclaimed president of the court of public opinion whether when the Chancellor of the Exchequer addresses the House on 31 March he will talk about the old Labour solution to excessive pensions, and say that in the Budget he will introduce a 98 per cent. tax on anything above £300,000?

**Ms Harman:** I have told the House that the Budget will be on 22 April and that there will be a full day's debate on the Floor of the House on the economy, led by the Chancellor. No doubt the hon. Gentleman can make his suggestion then.

**Mr. Michael Clapham** (Barnsley, West and Penistone) (Lab): May I draw my right hon. and learned Friend's attention to early-day motion 1020, which is in my name?

*[That this House is alarmed and concerned to learn from the Information Commissioner's report that the blacklisting of trade union members is widespread in the construction industry; condemns the major construction contractors who subscribed to the Consulting Association and also provided it with information about workers and employees; notes that many of the companies who donated to the Consulting Association are currently engaged on publicly-procured work projects worth billions of pounds; considers that there may be legal implications where for example an employee or worker believes they were dismissed because they were on the list and requests that the Information Commissioner gives a reasonable time for people to make the appropriate checks; and calls on the Government to enact immediately legislation to prohibit the compilation of a blacklist containing the details of workers and employees with a view to them being used by employers or employment agencies to discriminate in relation to employment and to make it a criminal offence for an employer to commission such information.]*

The early-day motion expresses concern about the fact that the Information Commissioner's report showed that there was blacklisting in the construction industry. We thought that the practice had come to an end some time ago. My right hon. and learned Friend will recall that section 3 of the Employment Relations Act 1999 made provision for

"regulations prohibiting the compilation of lists",

and made it a criminal offence for construction or other companies to make such information available. Will she raise with Justice Ministers the need to bring forward regulations under section 3, and will she consider whether the Information Commissioner should give people whose names are likely to be on such a list more time to check whether that is so, because of the legal implications? Any person who thinks that they have lost their job as a result of discrimination because their name was on such a list will have a claim for unfair dismissal, so the Information Commissioner should give much more time for people to check the list. Does she also agree—

**Mr. Speaker:** Order. The hon. Gentleman should apply for an Adjournment debate on the subject.

**Hon. Members:** He's just had one!

**Ms Harman:** I congratulate my hon. Friend, who has indeed held an Adjournment debate on this important issue, and I congratulate the Union of Construction, Allied Trades and Technicians and *The Guardian*, whose work led to an investigation. I thank the Information Commissioner for the work that he has done, which has effectively stopped the company concerned from operating in the way that it did. No trade union health and safety representative should find that, as a result of speaking up on behalf of their colleagues, they are on a blacklist and are never able to work again. The Government are totally opposed to that, and want to make sure that there is most effective enforcement when that happens. The Criminal Justice and Immigration Act 2008 introduced extra, tougher penalties for those who misuse information in such a way. The trade union—UCATT—the Information Commissioner and the Government have to work together to make sure that people have the right to work, and that such scurrilous activity is ended. I thank my hon. Friend for the role that he has played in the matter.

**Richard Younger-Ross** (Teignbridge) (LD): Considering that there has to be a cap on the travel expenditure of Select Committees of this House, but that for at least three of those Committees travel is essential to the proper evaluation of Government policy, could we have a debate on the Liaison Committee's decision to make a 30 per cent. cut across the board on all future travel this year?

**Ms Harman:** It is for the Liaison Committee to make those proposals; I am not sure that it is a matter for the Government. I will consider the issue and write to the hon. Gentleman. Obviously, it is important that Select Committees travel in the way that they need to, but that they keep a close eye on the amount of money being spent.

**Martin Salter** (Reading, West) (Lab): Will my right hon. and learned Friend join me in praising the work of the UK Youth Parliament in providing young people with the opportunity to learn about, and engage in, the political process? Does she share my disappointment that a handful of Tory backwoodsmen have shamefully blocked the motion that would allow the UK Youth Parliament and its young people to have their annual debate on the Floor of this House? When will the House have an opportunity to resolve the matter, to defeat Cameron's cavemen, and to open the doors of this place to the next generation of citizens?

**Mr. Speaker:** Order. The hon. Gentleman knows the traditions of this House. A right hon. Member has been referred to by his surname, and that is not acceptable.

**Sir Nicholas Winterton** (Macclesfield) (Con): Apologise! Withdraw!

**Martin Salter** *rose—*

**Mr. Speaker:** It is all right; it is withdrawn. *[Interruption.]* It is, yes.

**Ms Harman:** The motion about the UK Youth Parliament is on the Order Paper for debate today. I agree with my hon. Friend the Member for Reading, West (Martin Salter): we want to encourage young

people to see democracy as important, and to see the House of Commons as relevant to their lives and the future. It is perverse for us not to let young people use the Chamber when we are not using it, at a weekend or when the House is in recess. It is perverse for us to say that the doors should remain closed and locked, and that those young people should remain outside them.

**Mr. Peter Lilley** (Hitchin and Harpenden) (Con): May we have a debate about the dramatically revised estimates by the Government of the costs and benefits of the Climate Change Act 2008, which were sneaked out this week, even though the changes are greater than the cost of bailing out several failed banks? The Leader of the House will remember that the Government were forced to revise their original figures, when I pointed out that they showed that the potential costs were twice the maximum benefits—the first time that the Government have ever urged us to do something which, on their own figures, would make matters worse. As so often on climate change, where the facts are out of line with the theory, they change the facts, and after five months of revision, the figures have emerged from the massage parlour with the costs doubled to £400 billion, but to ensure that this time the benefits are in excess, the Government have increased their estimate of the benefits by a factor of 10, from £100 billion to £1 trillion. May we have a debate about such a flaky figure, which only promotes scepticism about the whole issue of climate change?

**Ms Harman:** On the detailed figures, I suggest that the right hon. Gentleman writes to my right hon. Friend Secretary of State for Energy and Climate Change. As for generating scepticism about the climate change agenda, that is the opposite of what we are determined to do. We are determined to make sure that we have a much greener economy for the future, that we use green technology, and that we help people insulate their homes, reduce their fuel bills and save money. We are taking action to tackle climate change across a range of Departments. If the right hon. Gentleman is concerned about the estimates, I suggest that he writes to the Secretary of State.

**Joan Ryan** (Enfield, North) (Lab): My right hon. and learned Friend will know of the worsening situation in Sri Lanka and the fact that thousands are losing their lives. We have referred to that in the Chamber as a crisis and a catastrophe, and we are running out of words with which to describe the situation. This week, the International Crisis Group described what is happening to the Tamil community as annihilation. Will my right hon. and learned Friend ask the Foreign Secretary to come to the House and give us an urgent statement on the situation?

**Ms Harman:** Earlier this year, we had a debate in the Chamber about Sri Lanka. My right hon. Friend is right—the situation remains very grave, and we remain concerned about it. Foreign Office Ministers raised it at the Commonwealth meeting, and we continue to work with the international community to press for a democratic resolution to the problem in Sri Lanka.

**Mr. Paul Goodman** (Wycombe) (Con): I return to the preventing violent extremism pathfinder fund, which I raised yesterday on a point of order and my hon. Friend the Member for Rutland and Melton (Alan Duncan) raised today from the Front Bench. I have in my hands details of where every single penny from the fund went last year, which were placed in the Library. The Department for Communities and Local Government is refusing to place in the Library the equivalent details for this year. It must follow either, as was suggested to me yesterday by the Secretary of State's private office, that the Department no longer holds details of the fund, in which case there is no guarantee that money is not falling into the hands of extremists and violent extremists, or that it is refusing to put the information in the Library, which is a discourtesy to Members in all parts of the House and involves withholding information that the public have a right to know. Will the Leader of the House use her good offices to get the Secretary of State for Communities and Local Government to make a statement from the Dispatch Box about the matter, which is of exceptional seriousness?

**Ms Harman:** There is no intention to withhold any information about public money being spent. We are proud of the Prevent programme, which is designed to combat extremism. I suggest that I write to my right hon. Friend the Secretary of State for Communities and Local Government and ask her to meet the hon. Gentleman in order to resolve the issue amicably. I look to hon. Members to support the idea that Government take a role and take responsibility—

**Mr. Goodman:** Where is the money going?

**Mr. Speaker:** Order. When the hon. Gentleman asks for a reply from the Leader of the House, he should calm down and listen. It may not be to his liking, but he must calm down.

**Ms Harman:** It is right that the Government should put into the hands of local authorities funds so that they can work with community groups in their area to help divert young people from extremism and to support community organisations that are trying to tackle extremism. I deplore the idea of some sort of hue and cry to smear this important programme. If the Opposition want information, the Secretary of State will give them the relevant information and ask for their support for the programme in their areas.

**Mr. Lindsay Hoyle** (Chorley) (Lab): We are going through a major crisis in the media. The BBC may end up with a monopoly. Surely we believe in true competition. What will we do to ensure that ITV survives? I cannot understand why we had an announcement that product placement would not go ahead. That would have provided the much-needed funding to ensure that ITV will be there to compete against the BBC. Also, local and regional newspapers and local radio are in dire straits. What can we do to ensure that they survive? May we have a topical debate on the subject? Also, I am still waiting for a debate on the future of pensioner travel on trains and young people's bus passes.

**Ms Harman:** My hon. Friend is right. I am still looking for an opportunity to debate a range of issues affecting older people, of which concessionary travel is one. On the BBC, ITV and regional media, the Department for Culture, Media and Sport and the Department for Business, Enterprise and Regulatory Reform are working

*[Ms Harman]*

through their Digital Britain programme. Because a number of hon. Members have raised the question, in particular about regional news coverage, we might look for a topical debate on that.

**Andrew Stunell** (Hazel Grove) (LD): Will the Leader of the House look at early-day motion 1044, which records the concerns of right hon. and hon. Members about the decision of Guardian Media Group to cut its local press in the north-west?

*[That this House notes with regret and concern the decision by the Guardian Media Group to announce further job losses at the Manchester Evening News and within its weekly newspaper group; believes that the proposed cuts in editorial, advertising, distribution and information technology can only be damaging to the future prospects of the titles concerned; recognises that many people have worked extremely hard over the years to build these newspapers up; further believes that local newspapers have an absolutely central role at the heart of local communities; recognises an unwelcome trend to centralise their services and people; deplores the move to close down all of the individual weekly newspaper offices which currently serve the Greater Manchester conurbation; understands that this could be the first time in its proud history that the Manchester Evening News implements compulsory redundancies; upholds strongly the values of quality, independent journalism relevant to local communities; further believes that the founding fathers of the Guardian, particularly CP Scott, would be appalled and saddened by these developments; and calls on Guardian Media Group to rethink its proposals.]*

The motion is supported by the hon. Member for Stockport (Ann Coffey) and my hon. Friend the Member for Cheadle (Mark Hunter), with the *Stockport Express* a particular victim of the cuts. That newspaper will in future be produced not in Stockport, but in Manchester, and the journalist posts are to be halved. That is characteristic of the crisis in the local and regional media, which the hon. Member for Chorley (Mr. Hoyle) raised a moment ago. Can the Leader of the House find time for the House to discuss early-day motion 1044 and the serious matters with which it deals? Will she take particular note that Guardian Media Group has instructed journalists on those papers not to publish reports of the redundancies in their own newspapers?

**Ms Harman:** Regional newspapers are very important indeed. Local and regional newspapers are trusted to provide useful information for people locally—yes, including the *South London Press*. Like Guardian Media Group, they have been hit by a change in the way in which people get information, with more people getting information over the internet, and by a fall in business advertising. The matter has been raised with me by my hon. Friend the Member for Stockport (Ann Coffey). It is important that the local and regional media do not jump the gun, diminish their capacity, and close down important newspaper titles which are well respected and very important in local areas. If they have immediate cash-flow problems, they know that they can go to HMRC and defer their taxes. The Government can provide other help. We do not want them to make short-term decisions that result in the long-term loss of important local news media.

**Anne Moffat** (East Lothian) (Lab): Is my right hon. and learned Friend aware that the National Union of Labour and Socialist Clubs is meeting this weekend for its annual conference? That is timely, because of the tax on beer that is affecting our pubs, clubs and communities throughout the country. May we have a debate on the matter?

**Ms Harman:** The closure of pubs and fewer people going to clubs is a cause for concern. It is happening not only in this country, but around Europe, where similar patterns can be seen. I suggest that my hon. Friend looks for an opportunity to debate the matter on the Adjournment.

**Sir Nicholas Winterton:** I fully support the views expressed by the hon. Member for Hazel Grove (Andrew Stunell). There is a crisis in local radio and local newspapers. Last week, inadvertently, I associated Silk FM with Guardian Media Group, which was inaccurate. I had been ill-informed, and I have apologised to Guardian Media Group. This week, Guardian Media Group announced the closure of all its local newspaper offices in Wilmslow, Accrington, Salford and Macclesfield, making a very large number of journalists redundant and taking local news away from an area where that newspaper has been printed for 198 years. That shows the seriousness of the issue. May we have a debate in this place not only so the Government can say from the Dispatch Box what they might do—as the right hon. and learned Lady has—but so we can have the opportunity to express our concern about local newspapers and local radio?

**Ms Harman:** The hon. Gentleman has added to the important points that have been made, and I will consider where we might find an opportunity for a debate.

**Sir Patrick Cormack:** A topical debate?

**Ms Harman:** Possibly a topical debate.

**Derek Twigg** (Halton) (Lab): In 2007, I had the privilege of going to Afghanistan during the Royal Anglian Regiment's operational tour. I was also at Pirbright barracks when one of its companies returned from tour. It is truly a great regiment, which has shown outstanding bravery and professionalism over the years. So I was appalled at the demonstration in Luton this week; we will not, of course, see those same demonstrators protesting about the many thousands of Muslims who have been killed by the Taliban and al-Qaeda. Do not such demonstrations only give succour to the racists and bigots out there who are anti-Muslim?

**Ms Harman:** I very much associate myself with the points that my hon. Friend has made. I am sure that everyone on both sides of the House agrees with those points and the way in which he made them.

**Mr. Andrew Tyrie** (Chichester) (Con): Nearly two years ago, as part of the campaign for the deputy leadership of the Labour party, the right hon. and learned Lady said that we need to be

"absolutely certain we don't have a situation where we are complicit in torture".

Since then, there has been a raft of further allegations, some of them later substantiated in ministerial statements. Given that the Leader of the Opposition and Lord

Carlile, the Government's watchdog on terrorism, have both called for a judicial inquiry into further allegations of British complicity, may we at least have a debate on why the Government continue to refuse to set that inquiry up?

**Ms Harman:** The Prime Minister made it clear that the Government will have nothing to do with torture. We would never use it and never condone it; if any allegations are made, we want to see them investigated. Torture is a criminal activity, and anybody who engages in it needs to be brought to justice. Our position on that is absolutely clear, and, following through on that position, we need to make sure that any individual allegations are properly investigated. As the Prime Minister told the House yesterday, the Attorney-General is looking at whether the matter needs to be referred to the police so that they can investigate the allegations made by Binyam Mohamed.

We also need to make sure that the intelligence and security services are properly accountable for their methods and how they operate generally. We all agree on that, which we regard, first and foremost, as the work of the Intelligence and Security Committee, which has looked into the matter. I do not think that there is any point in the hon. Member for Chichester (Mr. Tyrie) or anybody else trying to make a point of in-principle difference on this issue—we all deplore the use of torture. None of us condones it or would have anything to do with covering it up.

We need to have a sensible discussion about how we investigate the allegations and make sure that the security services are properly accountable. There is something about the tone of the question that I do not like—it somehow implies that we are less against torture than the Conservatives. That is reprehensible, and we should not have to put up with it.

**Andrew Mackinlay** (Thurrock) (Lab): The Leader of the House has announced the return to this place of the Coroners and Justice Bill on next Monday and Tuesday week. I remind her that in this Chamber the Secretary of State for Justice was confused about the ramifications of that legislation for Northern Ireland. I was right and he was wrong; he had to write to me saying that the Bill covers Northern Ireland. I drew attention to the Bill's implications for the Northern Ireland Human Rights Commission, a statutory body that opposes it.

May we have clarification before next Monday week on whether the Government themselves will amend the legislation to exclude Northern Ireland, to take cognisance of the legacy issues, or will the issue be bounced on us? Is this not a case of the architecture of a Bill being flawed and of the Government's having to say so early on and having to recognise the representations that have been made?

**Ms Harman:** If my hon. Friend is raising further points that he has not yet raised with the Secretary of State for Justice, I will ask my right hon. Friend the Secretary of State to respond to my hon. Friend's points. If there are any substantive points that would be not only of concern to my hon. Friend but of interest to Members more widely as we head into the debate on the remaining stages, I will ask my right hon. Friend to place a copy of his response in the House of Commons Library.

**Sir George Young** (North-West Hampshire) (Con): Further to the reply that the Leader of the House gave my hon. Friend the Member for Rutland and Melton (Alan Duncan) about Select Committees, has not the time come to review the role of the Modernisation Committee, which she chairs? It has not met since the summer recess last year, and that implies that it does not have an active agenda. Should it not be quietly buried and its residual responsibilities transferred to the Procedure Committee?

**Ms Harman:** The Procedure Committee is doing important work; the Deputy Leader of the House gave evidence to it yesterday, so it is clearly forging a way forward. There is no point in Committees meeting for the sake of it if their work is being carried through. The Modernisation Committee carried out an inquiry on regional Committees; that has now been brought to the House and is going forward. The Procedure Committee is looking at further matters. None of us wants Committees to meet for the sake of it, but all of us want to see the House being modernised. One modernisation issue that should be right at the top of our agenda is allowing the UK Youth Parliament to meet in this place.

**Fiona Mactaggart** (Slough) (Lab): Although I absolutely applaud the tone of my right hon. and learned Friend's response to the hon. Member for Chichester (Mr. Tyrie), there is an issue that the House should consider. Will she make available an early opportunity to debate the recently published Intelligence and Security Committee report, which fails to deal in any way with the concerns raised about UK security officers' actions leading to torture?

**Ms Harman:** My hon. Friend has a long record of concern about these issues. We all want to make sure that there is full accountability and proper openness on those concerns so that we know that things are being done as we and everyone in this country would expect them to be done. I will ask the Home Secretary to write to my hon. Friend on the matter.

**Nadine Dorries** (Mid-Bedfordshire) (Con): The atrocities that took place in Luton this week should not simply end with expressions of disappointment in the House. A small group of Muslim extremists held placards with phrases such as "Child murderers" and "Murderers from Basra" on them. The point is that the group, which intended deliberately to incite public disorder, was allowed to form and was not removed from the scene. It was therefore successful.

More homecoming parades are planned in areas such as Watford and Bolton. Should we not have a debate in the House to discuss the protocol for handling those parades? The Royal Anglians live and train in my constituency. They deserved a good homecoming, but it was spoiled by behaviour that, had the police taken action, could have been prevented and stopped. We urgently need a debate on the issue.

**Ms Harman:** Ensuring public order is an operational matter for the police, who I am sure will be looking at their operational activity in respect of the important homecoming parades. I can say no better than what the hon. Member for Somerton and Frome (Mr. Heath) said: even those who did not agree with the war, including

*[Ms Harman]*

those who marched in protest at the outset of the war, agree that nobody should take part in such demonstrations and that that is not the right way to treat our armed forces.

**Mr. David Clelland** (Tyne Bridge) (Lab): Will the debate on 31 March give Members the opportunity to influence the content of next month's Budget? In that way, the Chancellor might be advised that as important as supporting the banks are the issues of more support for carers and pensioners, the extension of concessionary travel to students in further education and training, improvements to our transport infrastructure, reductions in class sizes and improvements in compensation for redundant workers.

**Ms Harman:** Those are important points for my hon. Friend to draw to the Chancellor's attention. We need to help people now and stabilise the economy, and all the things that my hon. Friend mentioned, such as investment in education and in our transport infrastructure, are important for the future. We have an agenda of care and concern for those in retirement and carers. We have to make sure that there is real help for the future, as well as practical help now.

**Mark Pritchard** (The Wrekin) (Con): May we have an urgent debate on the car manufacturing sector? In January, to much fanfare, the Secretary of State for Business, Enterprise and Regulatory Reform launched a so-called auto manufacturing rescue package. Since then, hundreds of auto manufacturing jobs have been lost, including 150 at GKN in my constituency. Ogihara, Denso and Shimizu in my constituency are also suffering. When are we going to see the end of talk, talk, talk about saving jobs and actually see some action to save them?

**Ms Harman:** As my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) has just reminded me, the £2.3 billion fund to help the automotive sector is available as from yesterday. That will be important, and we are working to ensure that those who need loans to buy cars can get that finance. I say to the hon. Gentleman that we are taking every action that we possibly can to ensure that we assist the automotive industry with new technology for the new generation of greener cars. We must not simply cut back on public investment. There has been action to stabilise the banks, quantitative easing, a VAT cut and extra money going into people's pockets through tax cuts. All those things, which he opposed, help the economy. Ultimately that, as well as specific programmes, will help the car industry.

**Andrew Miller** (Ellesmere Port and Neston) (Lab): Next Thursday's business comes about as a result of a difference of opinion on a matter of detail between the Select Committee on Regulatory Reform and the Government. Will my right hon. and learned Friend look closely at when that debate will take place and reflect on whether we need to refine the Standing Orders governing Select Committees to enable time to be built in to avoid such matters of detail coming to the House instead of the matters of substance that really ought to take up our time?

**Ms Harman:** I know that my hon. Friend has made an important contribution to trying to get that matter sorted out, and hopefully there will be further discussions between him and the relevant Ministers before Thursday so that we will not be distracted by any important but minor points of detail and can instead get on to the main substance.

**Mr. Andrew Mackay** (Bracknell) (Con): As the Leader of the House rather skilfully avoided answering a specific question asked by my hon. Friend the Member for Rutland and Melton (Alan Duncan), may I try again? Will the Chancellor of the Exchequer respond to the Opposition's Supply day debate next week on the economy? While we are about it, following what the Prime Minister said during Question Time yesterday, can we assume that the Prime Minister will be winding up the debate on the economy on 31 March that the Chancellor will open?

**Ms Harman:** I have announced to the House that my right hon. Friend the Chancellor will open the debate on Tuesday 31 March, which will be a full day's debate on the Floor of the House. The Opposition have chosen the economy as the subject of their Opposition day debate, and in due course and in the normal way the Government will decide which Minister will open it.

**Keith Vaz** (Leicester, East) (Lab): On 9 March the Home Secretary confirmed that the youngest person on the DNA database was a baby under the age of 12 months and the oldest a man of 90. When will the Government make a statement about the ruling by the European Court that the 1 million people who are on the DNA database but have not committed any crime should not remain on it indefinitely?

**Ms Harman:** We accept the Court's ruling in respect of the DNA database, and we will consider how to implement and comply with it. I say to my right hon. Friend and all Members—particularly the Opposition, who seem to have an in-principle objection to the DNA database—that we need every tool available for the police to investigate crime and bring offenders to justice. The scientific advances on DNA have enabled murderers and rapists to be held to account for their crimes. I believe that we should thank everybody who is involved in the DNA database and support it. It is a solution to problems, not a problem in itself. Of course we need it to be properly regulated, but I do not hold truck with any of the scaremongering about it. It is a thoroughly good thing.

**Mr. Douglas Hogg** (Sleaford and North Hykeham) (Con): May we have a debate next week on the merger of Lloyds TSB and Halifax Bank of Scotland? Will the Prime Minister please speak in that debate, so that he can explain his own contribution to the destruction of a solvent bank and billions of pounds of debt being loaded on the taxpayer? Might I say to the right hon. and learned Lady that holding the Prime Minister to account might further her own ill-concealed and patently ridiculous ambitions?

**Ms Harman:** I regard the right hon. and learned Gentleman's comments about myself as totally objectionable, and therefore I am not going to answer his question.

**Mr. David Drew** (Stroud) (Lab/Co-op): Last week, I raised with my right hon. and learned Friend the situation in the Sudan. We now know that what was initially a removal by a small number of non-governmental organisations is now a virtually wholesale removal of all NGOs from the country. That will lead to a humanitarian disaster. It would be right and proper for the House to discuss that in advance, so that we can see what we could do as a country. Millions of people's lives are now being put at risk, so is it not right that the House has the opportunity to discuss that, to see how we may help?

**Ms Harman:** My hon. Friend is absolutely right. The International Criminal Court is independent, and there is no way that the Government of Sudan should be taking it out on aid agencies at the expense of people who desperately need support. I can tell him that before the House rises for the Easter recess, we will have a full day's debate about Africa on the Floor of the House, when there will be an opportunity to debate in detail the question of Darfur, and indeed that of Zimbabwe.

**Christopher Fraser** (South-West Norfolk) (Con): I have raised the issue of access to prostate cancer treatment many times in the House. As I am sure you are aware, Mr. Speaker, this is prostate cancer awareness month. Men living with prostate cancer report the worst NHS treatment of all common cancers. Will the Leader of the House make time for a debate in the Chamber on that very important subject?

**Ms Harman:** We do need to step up work on screening, early identification and treatment, and we have been doing so. The many billions of pounds extra that has gone into the NHS will play an important role in that.

**Mr. Ian Cawsey** (Brigg and Goole) (Lab): May we have a debate on the operation of the Criminal Records Bureau? The problem is not just the long delays in dealing with constituents' mail. My right hon. and learned Friend might not have heard the recent "File on 4" programme, which revealed that up to 2,500 teachers who have had allegations made against them and been totally cleared still have the details on their CRB file. People in certain occupations are open to vexatious complaints, and when they are totally cleared, surely that stain should be removed from their file.

**Ms Harman:** Perhaps my hon. Friend could seek a Westminster Hall debate on that. It is important that the records are in place so that those who are working with children can be properly checked out, but it is important also that the information is correct and that people's lives are not blighted. Perhaps other hon. Members might wish to join my hon. Friend in a Westminster Hall debate.

**Mr. Oliver Letwin** (West Dorset) (Con): Following the earlier comments about the publication of information by the Department for Communities and Local Government, will the Leader of the House give us a debate on the implementation of the Sustainable Communities Act 2007? When it was a Bill, the Minister responsible promised me in Committee that there would be a full and detailed breakdown of expenditure by central Government and their agencies in the localities. That has not been published. Instead, information already in the public domain has been published. May we debate that statement?

**Ms Harman:** I have suggested that it might be a good idea for the Secretary of State for Communities and Local Government to meet Members, and I will put the right hon. Gentleman's name on the list of those seeking a meeting.

**Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): I feel strongly that I wish to add my voice to that of my hon. Friend the Member for Reading, West (Martin Salter) in calling for a debate on the motion to allow the UK Youth Parliament to use this Chamber for one day to hold its annual meeting. That motion appears on the Order Paper every day and is shamefully opposed by some of the backward-looking Opposition Members who bear no relation to the face of the modern Conservative party that their leader would like to portray to the world. What message about the sort of democracy that we have is sent to our young elected representatives who are members of the UK Parliament if we are so precious about this place that we will not even let them meet here for one day?

**Ms Harman:** My hon. Friend is right—the so-called modern Conservative party wants to keep the House in the 19th century. I know that she is an assiduous Member of Parliament for her constituents in the north, but if she sticks around, she might have an opportunity to vote on the matter later this afternoon.

**John Bercow** (Buckingham) (Con): I endorse wholeheartedly the comments made by the hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson).

In the light of the statement that the right hon. and learned Lady made on Thursday 5 March at column 1007 of the *Official Report* that the equality Bill will be introduced "in a few months", may we please have a statement on the timetable for its publication and progress? As an enthusiastic supporter of the Bill, may I say that, although my hon. Friend the Member for Shipley (Philip Davies) greeted the potential delay that that statement implied with joy and exultation, to me the possibility of having to wait till June, July or beyond represents a cruel and degrading punishment, potentially beyond endurance?

**Several hon. Members** *rose—*

**Mr. Speaker:** Order. A few hon. Members are left who wish to ask a question, and I should have stopped at half-past the hour. The Deputy Speaker can take the questions, but I ask that they be brief. That is only fair.

**Ms Harman:** There is no delay in the equality Bill; we will introduce it as I said.

**Ms Dari Taylor** (Stockton, South) (Lab): The national service framework for coronary heart disease finishes this year. It has achieved much, but cardio-vascular disease remains one of the biggest killers in Britain. Is not it time to discuss national service frameworks and make a policy in the House to ensure that they remain part of the delivery of the national health service?

**Ms Harman:** I agree with my hon. Friend's points, which I will bring to the attention of the Secretary of State for Health, who shares her views on and commitment to the matter.

**Mr. Peter Bone** (Wellingborough) (Con): To revert to the Youth Parliament and the use of the Chamber, what would the Leader of the House say to an organisation that uses all the parliamentary tricks to try to force the business through at the end of business every day without proper debate? What does not having a proper debate on the motion say to our young parliamentarians?

**Ms Harman:** What does it say to our young future parliamentarians when Members call for a vote simply as a device to delay matters and do not even go through the Lobby? The Prime Minister included the matter in "The Governance of Britain". He has asked the Chamber to consider allowing the Youth Parliament to sit here, and I think that we should just get over it and agree the matter.

**Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): The Government's initiative to assist the car manufacturing industry is welcome, but may we have a debate on the car retail sector? The Treasury's recent decision to deny car dealers the ability to claim rebates for the tax revenue on tax discs—a practice that has existed for approximately 30 years—could have a serious impact on the car retail industry, with the potential loss of thousands of jobs. If we do not have a vehicle for selling cars, it could have an impact on car manufacturing.

**Ms Harman:** As ever, my hon. Friend makes a point that is important not only for his constituency and Scotland, but throughout the UK. I will raise the matter with the Chancellor, and my hon. Friend might also be able to raise it in the debate on 31 March.

**Mr. Rob Wilson** (Reading, East) (Con): It is now 30 years since our country elected its first woman Prime Minister. Will the Minister for Women and Equality make a statement to assure the House that she is doing all she can to bring about the advent of a second woman Prime Minister?

**Ms Harman:** That is another question that is not worthy of an answer.

**Kerry McCarthy** (Bristol, East) (Lab): As someone who spent nearly the first 40 years of my life in Luton and knows the Muslim community well, I think that I can say with some authority that the actions of those who took part in the protests the other day are not representative of the wider Muslim community there. I ask my right hon. and learned Friend to bear that in mind when she considers whether it is worth stoking up matters by holding a debate.

Next Wednesday marks the 10th anniversary of our pledge to abolish child poverty. May we have a topical debate on the subject?

**Ms Harman:** Abolishing child poverty can be raised in the full-day debate on the economy on 31 March. I think that the House will want to associate itself with my hon. Friend's remarks about homecoming parades. We do not need to hold a debate about the matter, because everybody agrees about it.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): May I tell the hon. Member for Somerton and Frome (Mr. Heath), who queried the decision of my county council, Leicestershire, to put satnav on roadside mowers, that its activities often verge on the ridiculous?

May I add my support to the comments of the hon. Member for South-West Norfolk (Christopher Fraser) about prostate cancer? It is prostate cancer awareness month and the Prostate Cancer Charity has launched the "Prostate cancer—it matters!" campaign, which draws attention to the fact that 100 men a day are diagnosed with prostate cancer and that one man an hour dies of it. Of all the common cancers, it is the worst in terms of patient experience of the NHS. We urgently need a better, new generation test to differentiate between aggressive cancers and more slow-growing ones. May we have a debate on the matter, which is important for many people in every constituency throughout the nation?

**Ms Harman:** I will bring the matter to the attention of my right hon. Friend the Secretary of State for Health. I think that it possibly should be the subject of a debate in Westminster Hall.

On satnav on lawn mowers, as a former Back Bencher of the year, my hon. Friend has often mown down his parliamentary opponents.

## Lord Laming's Progress Report

12.36 pm

**The Secretary of State for Children, Schools and Families (Ed Balls):** In November last year, I commissioned an urgent inspection of children's services in Haringey following the failure of agencies in that borough to intervene decisively to protect a little boy.

Following the joint inspectors' report, I took the immediate actions that I judged necessary to ensure the protection of vulnerable children in that borough. I also asked Lord Laming to provide us with an independent progress report on child protection across the country.

Lord Laming has today published his report. I have laid a copy of it before the House, with my reply to him, which sets out the Government's immediate response. I can confirm that: we will accept all Lord Laming's recommendations in full; we are taking immediate action from today to implement them; and we will set out our detailed response to all 58 recommendations before the end of next month.

I am sure that I speak for the House when I say that we are hugely grateful to Lord Laming and all the experts, practitioners and members of the public who have contributed to his thorough investigation.

As Lord Laming says at the start of his report, being safe is,

"the very minimum upon which every child should be able to depend".

His report finds that the Every Child Matters reforms, which were introduced after the Victoria Climbié inquiry, provide

"a sound framework for professionals to protect children and promote their welfare".

However, he is also clear that

"There now needs to be a step change in the arrangements to protect children from harm."

He further states:

"The new ContactPoint system will have particular advantages in reducing the possibility of children for whom there are concerns going unnoticed."

However, he challenges us to do more

"to ensure that leaders of local services accept their responsibility to translate policy, legislation and guidance into day to day practice on the frontline of every service."

The report makes a series of detailed recommendations to ensure that best practice is universally applied in every area of the country, to improve local accountability and to provide more support for local leaders and for the front-line work force. None of Lord Laming's proposals alone could have prevented the death of baby P, but together they add up to a step change in front-line child protection, because no barrier, no bureaucracy and no buck-passing should ever get in the way of keeping children safe.

As Lord Laming recommends, we will now establish a new cross-Government national safeguarding delivery unit both to support and challenge every local authority and every children's trust in the country as they fulfil their responsibilities to keep children safe and to drive continuous improvement in front-line practice across all services. The new unit will be staffed by experts from across central Government, local agencies and the voluntary sector and will provide an annual report to Parliament, including on the implementation of Lord Laming's recommendations.

To guide the unit's work I am today appointing Sir Roger Singleton, the former head of Barnardo's and a leading expert on child protection, to be the Government's first ever chief adviser on the safety of children. Sir Roger will advise us on how to update and strengthen our statutory guidance for front-line staff to make it absolutely clear to every agency and every practitioner what they need to do to keep children safe.

Lord Laming also recommends that full serious case reviews must remain confidential to protect vulnerable children and ensure the full co-operation of all witnesses. We will strengthen the independence and quality of serious case reviews. The unit will monitor their implementation to ensure both that lessons are learned and that public executive summaries are full and comprehensive.

Effective child protection depends critically on strong local leadership and accountability, so that everyone is clear about who must do what to keep children safe. We are already legislating in the House to ensure that every local authority has a statutory children's trust board to improve all the outcomes for children and young people. We will strengthen the role of the local safeguarding children board both to make it, in effect, the local watchdog for the protection of children and to hold the children's trust and local agencies to account.

We will set out in the revised statutory guidance our presumption that all local safeguarding children boards will have an independent chair. We will also set out that the director of children's services and the lead member for children's services will always be members of both the children's trust board and the LSCB, and that the chief executive and leader of the council will be required to confirm annually that their local arrangements comply with the law. Because keeping children and young people safe is everyone's responsibility, we will open the child protection system up to greater public scrutiny by ensuring that two members of the general public are appointed to every local safeguarding children board in the country.

When children are at risk, it is the skills, confidence and judgment of front-line professionals that make the biggest difference. As Lord Laming says:

"Every day, thousands of children are helped, supported and in some cases have their lives saved by these staff".

But he is also right to say that

"rather than feeling valued for their commitment and expertise, professionals across these services often feel undervalued, unsupported and at risk."

That has to change. That is why the Health Secretary and I have set up the social work taskforce, which will now take forward Lord Laming's recommendations on the training and professional development of social workers. I have already asked the taskforce to review the effectiveness, the procurement and the IT used in integrated children's systems, which it will report on next month, so that social workers can keep detailed records of their cases and spend more time with vulnerable children.

In addition to the longer-term reforms that the taskforce will propose, we will act now to ensure that all newly qualified social workers starting this year will receive a year of intensive induction training, supervision and support. We will introduce from this year a new advanced

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social work professional status to ensure that the most highly skilled social work practitioners can stay close to the front line and have better career progression. We will also expand the graduate recruitment scheme and attract qualified social workers back to the profession and ensure over time that all practitioners can study on the job for a master's level qualification.

Because we must do more to support leaders across children's services, I am also today accepting proposals from the chief executive of our leadership college to expand its remit, to introduce a new leadership programme for directors of children's services from September and to create a new and accelerated programme for those with the greatest potential to become future children's service leaders.

Lord Laming also identifies further recommendations for the health service, the police, the family courts and the inspectorates. I can tell the House that the Health Secretary is today announcing a new programme that will provide additional support and development for health visitors. The Home Secretary will now take forward Lord Laming's recommendations further to improve the skills and capacity in child protection in the police. In line with Lord Laming's recommendations, the Justice Secretary is announcing that Mr. Francis Plowden will carry out a review of court fees in care proceedings. If there is evidence that they are a barrier for local authorities when deciding whether to proceed with a care order for a vulnerable child, we will abolish them. And, with Ofsted already strengthening its inspection process and introducing unannounced inspections every year for front-line social care practice in every area of the country, the inspectorates will respond to Lord Laming's recommendations by the end of April.

In its annual performance assessment, Ofsted rated safeguarding services in 101 out of 150 local authorities as good or outstanding. But where children are not being kept safe, we will act. In December, eight local authorities were judged inadequate in their safeguarding of children. We immediately sent in our intervention experts to assess the situation in each of them. As the House knows, Haringey has already submitted its action plan to Ofsted for evaluation. Improvement notices and additional support are now in place in Surrey, Birmingham, Essex and West Sussex, and independent performance reviews are under way in Reading and Wokingham.

The Minister for Children, Young People and Families and I are particularly concerned about the serious weaknesses identified in Doncaster. In recent weeks, we have commissioned an independent performance review, which has concluded that, despite significant investment over the past year and some progress, urgent improvement is still required. On Tuesday, the Children's Minister met the leaders of Doncaster council. Using powers in the Education Act 1996, the Children's Minister has today written to the council giving it a formal direction immediately to appoint Mr. Tony Elson to chair an independent improvement board that will report directly to Ministers, to submit an improvement plan to be approved by the new board and to co-operate with my Department to bring in a new senior management team to take over the leadership and management of Doncaster children's services as soon as practicable.

It is our first duty in government and as a society to do all that we can to keep our children safe. It is also our responsibility to act decisively, as we have done in recent months, as we are doing today in Doncaster and as we will do in the coming weeks to implement all Lord Laming's recommendations. I hope that all parts of the House will support our actions to keep children safe in every part of our country. That is our duty and, as Lord Laming says, it is something that every child should be able to depend on. I commend this statement to the House.

**Michael Gove** (Surrey Heath) (Con): The events that we are reflecting on today were horrific and they still haunt the nation's conscience. Protecting vulnerable children is a duty that I know the Secretary of State takes seriously and none of the questions that I ask today are intended as criticism of him personally. May I thank him for allowing me to read Lord Laming's report earlier this morning and for early sight of his statement?

May I also thank the Secretary of State for the speedy manner in which he has taken steps to rectify problems in both Doncaster and Haringey? We all know that the director of children's services in Haringey was dismissed some time ago. Will he update the House on what has happened to the other officials who were suspended in Haringey at that time?

I also welcome the steps taken today to review the impact of court fees on care proceedings. The Secretary of State has said that he was sure that the high level of court fees was not a barrier to taking children into care who needed that step. We welcome the fact that he will now look again at that decision.

I also thank Lord Laming for his diligent work in the report. He has done a great deal of useful analysis of the weaknesses in our child protection system and his report is powerful in its condemnation of the bureaucratic burden faced by social workers. He reports that

"a tradition of deliberate reflective social work practice is being put in danger because of an over-emphasis on process and targets, resulting in a loss of confidence amongst social workers".

Will the Secretary of State tell us what he will do to reduce the burden of bureaucratic compliance and the number of targets faced by front-line professionals?

Lord Laming spells out in great detail the consequences of the bureaucratic burden. Vacancies in social work departments are running at more than 12 per cent., compared with just 0.7 per cent. for teachers. Turnover rates are high, with two thirds of local authorities reporting difficulties in engaging social workers and three quarters of social workers reporting that case loads have increased worryingly since 2003. Lord Laming reports that front-line social workers experience

"low staff morale, poor supervision, under-resourcing and inadequate training".

They face high levels of stress and there are formidable recruitment and retention difficulties. Social work, he records, is a Cinderella service and we now have, in his words, a "crisis" in social work. Does not the Secretary of State agree that that is a remarkable indictment of the state of child protection in this country? Where does the responsibility for that failure lie?

Will the Secretary of State also tell us what urgent practical steps he is taking, beyond the creation of a new quango, to raise morale, to ensure that resources reach the front line and to reduce red tape? Lord

Laming's report is again scathing about the unwieldy and overly bureaucratic nature of the regime currently in place. He reports that the central bureaucratic tool used to help children at risk—the comprehensive assessment form—is

"in danger, like other tools, of becoming process-focused, or... a barrier to services for children".

Will the Secretary of State tell us what plans he has to simplify this area of bureaucracy?

Lord Laming's report also reveals the significant problem with the information technology systems that are supposed to help child protection. He reports that help for children is being

"compromised by an over-complicated, lengthy and tick-box assessment and recording system".

The IT system that the Government favour—the integrated children's system—is reported by Lord Laming as "hampering progress", with the best local authorities having to

"find ways to work around the system".

One of the best local authorities for children's services, Kensington and Chelsea, has abandoned the Government's overly bureaucratic approach to IT and set up its own much more flexible and professional-friendly system. What steps is the Secretary of State taking to ensure that the IT system that he favours will no longer hamper progress? What steps has he taken to learn from those local authorities, such as Kensington and Chelsea, with first-class child protection records?

Is it not clear overall that we need a shift, led from the centre, in the culture of child protection to put improving the work force ahead of adding to the quangocracy or finding new boxes to tick? Should not that shift in culture mean a significant extra investment in a universal health visitor service? Lord Laming argues persuasively that the role of health visitors is crucially important. He points out that an evaluation of 161 serious case reviews showed that nearly half the children who suffered terrible harm were under one year of age but only 12 per cent. of them were subject to a child protection plan. Many more of those children at risk might have been identified, if we had a truly universal health visitor service supporting children from birth. Will the Secretary of State now offer his support for the proposals put forward by the leader of my party for an expansion of the health visitor service to make it truly universal?

We are, as I have said, very grateful to Lord Laming for his report. It contains a great deal of useful testimony and evidence, but it is stronger in analysis than in recommendation and better at explaining what has gone wrong than spelling out how to put it right. It exposes the problems with the current level of bureaucracy, but far too often falls back on recommending more bureaucracy as the answer.

Crucially, Lord Laming recognises that serious case reviews—the policy inquests that follow the death of a vulnerable child—are valuable tools for learning lessons to enable us to avoid making similar mistakes in future. He points out that the lessons from serious case reviews need to be better learned and more widely disseminated, but he fails to recommend that they now be published in full. Refusing to publish serious case reviews after a child's death is like keeping the information from an aircraft's black box secret after an aviation disaster—it prevents us from learning the lessons that we need to learn and from debating openly how we keep children safe. We cannot have a situation where we keep terrible errors secret because we will not face down those involved. The lessons of the past year are clear: buck-passing and back-covering cannot come ahead of protecting vulnerable children. Will the Secretary of State please think again on this issue and put children first?

**Ed Balls:** I appreciate the careful way in which the hon. Gentleman has responded to Lord Laming's conclusions. I shall respond to his points, and I reassure him from the outset that the new national unit and the appointment of Sir Roger Singleton is not just another quango and another adviser. This will have a real impact on the translation of best practice into common practice in all areas of the country. As the hon. Gentleman reflects on the proposal, I hope that he will be able to support it.

Let me deal with his points in turn. On officials in Haringey, as the hon. Gentleman will know, it was my decision in December to remove the then director of children's services from her position, but the issue of the appointment of staff, their terms and conditions and their continuing appointment is a matter for Haringey council, not for me. These matters are with Haringey at the moment; the council is going through the proper processes, so it would not be wise for me to comment now on the stage they have reached with different officials.

The hon. Gentleman asked me about court fees. I think I set out clearly the reason why we are having a review. It is made clear in Lord Laming's report that there is no evidence to suggest that court fees have led to any change in the number of referrals to the courts. In fact, over recent months, there has been a substantial rise in referrals. As I have cited in the House before, the president of the Association of Directors of Children's Services has said that it is aware of

"no circumstances where a local authority would put court costs as a consideration ahead of the needs of a child".

We will carry out the review and look carefully at this issue, but unless we can demonstrably show that that statement is absolutely true, we will abolish court fees from the beginning of the coming financial year.

On the issue of process and targets, we are going to look very carefully at the national targets in our indicator set, which Lord Laming asked us to do, but I urge Conservative Members to be very careful about how they proceed here. We have made substantial progress since 2004; in that year only half—51 per cent.—of all initial referrals of children at risk were assessed within seven days, whereas the latest figures show more than 70 per cent. doing so, which is a substantial difference. The focus on quick assessment happened because of the targets. It is important that we do not use wrong targets or targets that distort, but it is also right to have rapid assessment of children at risk. I would like to go even further on that, so it will be looked at very carefully by the social work taskforce.

On integrated children's services and bureaucracy, I have made it clear that hiding behind a computer screen or bureaucracy and procedure is not the right thing to do professionally if we want to keep children safe. That would be the wrong thing to do, and I have asked the social work taskforce to look at all those issues, including the operation of integrated children's services, and to

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report by the end of April. We are going to move quickly. Only last week, I was in Derby talking to social workers in that city, where I heard their concerns about ICS and saw it operating in practice. I know that many authorities in the country are finding that that system is actually leading to more effective and efficient decision making, speeding up the way in which they can comprehensively get on and do their work. I do not want to throw out the baby with the bathwater here, which is why it is important we do this properly. The social work taskforce will take this forward.

There is often confusion between the common assessment framework and integrated children's systems. In my experience and from what I hear, CAF processes are working well around the country, but if the hon. Gentleman has a different view, I would be happy to hear more about it.

On the issue of health visitors, it is right to have significant investment, and we have put significant investment into our health system. In fact, my right hon. Friend the Health Secretary is announcing today that, as we prefigured in the child health strategy a few weeks ago, there will be a significant increase in the number of health visitors. I am happy to assure the hon. Gentleman that we will ensure that that happens, but I have to say to him that absolutely the wrong way to do it would be to cut the Sure Start budget, which is there to ensure early intervention and protection of children.

The fact that many children who come to harm are not known to the authorities should be addressed by our children's centres. To cut children's centres—to be honest, to cut the children's budget more widely—would be absolutely the wrong thing to do. I ask the hon. Gentleman to have a word with the Leader of the Opposition and suggest to him that he may need to realign his thinking on that particular point.

The hon. Gentleman has been consistent in his view that serious case reviews should be published. He has also been consistently isolated in holding that view. Not only Lord Laming, but the National Society for the Prevention of Cruelty to Children and the Children's Commissioner, as well as pretty much every expert in the field, disagree with him. They all agree that a public, fully comprehensive executive summary, alongside a confidential full report, is the right way to go. The hon. Gentleman—probably badly advised—dug himself into a hole on that issue in the first few days when it came to light. I say to Conservative Members, "Sometimes, if you get it wrong, just change your mind. You are absolutely wrong on this particular issue."

That takes me to a wider issue. As Lord Laming's report says—there is a widespread consensus that is reflected across the country, across experts and across professionals—the 2004 Every Child Matters framework is the right framework for child protection. Our challenge is to implement it effectively in every area. I know that the hon. Gentleman does not agree, and therefore disagreed with the idea of Lord Laming being asked to produce the report in the first place, but again I say to him, "Read the report, reflect and think again." I do not think that to go back on the 2000 reforms would be the right thing to do and, with the exception of the Conservative party, neither does anybody else.

The right thing to do is ensure that the framework is properly implemented, which is what we will do. In his press conference this morning, Lord Laming said that he hopes that his report has enough compelling logic, enough compelling urgency and enough compelling determination that people can sign up to it. I believe that this is a compelling vision, and we will, with determination, ensure that all the recommendations are now implemented, which is the right way to keep children safe.

**Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): I welcome the Secretary of State's statement and congratulate Lord Laming on a thoughtful report. I also thank the Secretary of State for early sight of it.

It will take time to absorb the 58 recommendations of this well-argued report, but may I make a few points to the Secretary of State? First, one notices that Lord Laming is frustrated when he says, "Now just do it." He thought that in his first report. If we are just going to do it, many of the things in the statement are part of just doing it. Furthermore, just doing it also means a lot of resource implications. Social workers who are better trained, better energised and better respected will cost a lot of money. That needs to be done quickly.

Lastly, if we are to keep the new protection of children post in the limelight, can that person report to Parliament through the Select Committee? That would give them a much more independent status, and we would provide public accountability, which many would welcome.

**Ed Balls:** I can assure my hon. Friend, whose Committee has great responsibilities in these matters, that Sir Roger Singleton, the new chief adviser, will report directly or give evidence to his Committee. We will ensure that Sir Roger gives evidence on his annual report. There must be proper scrutiny of that report and that must happen in the House. That is our commitment.

It is also right, as my hon. Friend has said, that we need to raise the training, morale and effectiveness of the management of and support for social workers across our country. Often without public recognition, they do difficult, dangerous and sometimes brave jobs each day to keep children safe. We will ensure that the proper resources are there to support the expansion not only in the numbers, but in the training and support for social workers.

We announced in November a £73 million investment in the next three years and we will add to that to ensure the proper training in the first year after qualification, plus the return of social workers to the profession, plus advanced social worker status, plus the new masters qualification. For the long term, there will be a reform and revamp of the whole of social worker training—all that has been done and is properly resourced.

It is important not only that we challenge social workers and their managers, but that we support them in doing that difficult job. That is what we will do, and we will ensure that it is properly resourced.

**Annette Brooke** (Mid-Dorset and North Poole) (LD): I, too, thank the Secretary of State for providing sight of the Laming report and of his statement. I also add my thanks to Lord Laming for producing this timely report.

We really have to ask today, "Are things going to change?" I recall discussing these issues in 2003 before the Children Act 2004. We all said, "We must have more social workers, more training of social workers and more training in multi-agency working. Six years on, and nine and a half years since the tragic death of Victoria Climbié, it is significant that the first recommendation of Lord Laming's report refers to national leadership, which is quite an indictment after all these years. I might justifiably ask the question, what training will there be for Ministers and senior civil servants in multidisciplinary working?

I welcome today's statement on Doncaster, but reflect on the fact that, since 2004, there have sadly been seven deaths of children. I also welcome the national safeguarding children unit. I have two questions. Will early intervention be an integral part of the work of the unit—which is all important if we look beyond the deaths to the wider issue of child abuse, with so many children being affected—and will serious case reviews be reported through the Select Committee in the way that the NSPCC requested, in a biennial report drawing out lessons from serious case reviews?

Training for children's services directors and lead members is welcome, but what about opposition members? My hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone) reported how difficult it is for opposition councillors, and indeed for her, to get information, although they were asking questions. There is a place for considering the role of scrutiny in local government, as well as that of lead members.

I would like what has happened with adult social services to be taken on board in relation to the reorganisation and children's services. We give somebody one and a half jobs, and then put adult social services on the side. Vulnerable children become vulnerable adults, and I understand that 15 authorities are pulling adult social services back, but one at least has a very low rating. Lord Laming has one paragraph on that matter, which should be looked at as a matter of urgency.

There have been a number of U-turns, which I welcome. Most of all, we need to consider the training of social workers and, indeed, of all front-line professionals who come into contact with children—for example, teachers need to be trained to recognise the early signs of child abuse. I want to be reassured that we will no longer hear of heavy case loads for social workers. How can newly trained social workers do their work with heavy case loads and limited supervision? I really feel that we have reached a point where a lot has been done, but there is so much more to do. There has to be genuine commitment.

I also repeat my request to the Secretary of State that, over a longer period, we should have fresh eyes looking at the whole system. Lord Laming set up the system and has reviewed it, but those fresh eyes—perhaps reporting to the national safeguarding children unit, a multidisciplinary team—will, I hope, add to the safety of our children.

**Ed Balls:** While I was, of course, disappointed that the Liberals' shadow spokesman could not be here, the hon. Lady has great expertise in these matters and her points are well made. I will take them all very seriously.

The hon. Lady is right that things must change, and Lord Laming says that too. He also says:

"A great deal of progress has been made... and the Government deserves credit for its policy of Every Child Matters."

It is important to recognise that there has been substantial improvement in child protection in many areas of the country. The fact that we have more than 100 authorities that are good or outstanding is good news, but it is important to say that it is not yet good enough. It is no good having good practice in some or many areas. We want the best practice in all areas. That is our challenge and what Lord Laming drives us on to do.

I must also say to the hon. Lady that there is a real commitment from central Government, not just from my Department but from the Health Secretary—who was previously the Secretary of State for Education and Skills—the Home Secretary, the Justice Secretary and others, to work closely with the national unit to ensure best practice everywhere. I take her point that we need to do more, but the new unit is a step forward.

On scrutiny, the hon. Lady is right. As I said in my statement, it is important that we open up the arrangements for child protection to wider public scrutiny. The local safeguarding children board should therefore become the watchdog for child protection, and it is important that lay members of the general public sit on that board. Effective and proper scrutiny of what is happening should be provided not only by the House but by local councils around the country. If we need to do things to improve that, and to improve training for members involved in scrutiny, we are happy to consider that as part of our work on statutory guidance in the coming weeks. That is the best way to ensure the fresh pair of eyes at local and national level.

I agree with the hon. Lady that it is important to focus on the training, progression and numbers of social workers, but also on their pay and morale. It is concerning that these days we do not keep social workers in the profession in the way that we keep teachers in teaching. That is partly because we do not currently have a proper way for social workers to progress and develop in their professional understanding without moving out of social work practice into management. That is why the advanced social worker status is very important.

It is also incumbent on management in social work to do their bit. Lord Laming said at his press conference this morning that we must move away from a situation where the most junior member of staff feels the full weight of responsibility for child protection, and that is right. Front-line social workers deserve not only better support and challenge, but understanding and engagement from management throughout social work, up to director of children's services level. That is an important part of our response to Lord Laming's recommendations, and an especially important remit for the social work taskforce.

**Several hon. Members** *rose—*

**Mr. Deputy Speaker (Sir Michael Lord):** Order. It is clear that a large number of hon. Members seek to catch my eye. Unless both questions and, hopefully, ministerial answers are considerably briefer, an awful lot of hon. Members will be disappointed.

**Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): May I ask the Minister what steps are being taken to improve the training of Ofsted inspectors and Ofsted in general? He may be aware that serious abuses have just been revealed at the Gatehouse special school in Milton Keynes, yet in 2006 the Ofsted inspection commented

*[Dr. Phyllis Starkey]*

favourably on the school, and raised the fact that its recruitment procedures were so poor that unqualified staff who had not been properly checked were widespread and that restraint of behaviourally challenged boys was a first resort of staff rather than a last resort. Ofsted needs to be better trained.

**Ed Balls:** The issue is raised by Lord Laming in his report, the chief inspector is alive to it and the Select Committee has raised it. Compared with last year, there has been a real change in the way that inspections are being done. We will no longer have desk-based inspections, but unannounced visits. Lord Laming makes the important point in his report that inspection of social care and child protection must also be about learning, and needs to be more engaged than the school-type inspection that Ofsted has done in the past. The chief inspector will include that issue in her response to Lord Laming's report by the end of April.

**Mr. Edward Timpson** (Crewe and Nantwich) (Con): One of the major failings of the court system involving children in child protection is the movement of cases from one judge to another—from hearing to hearing—and the lack of judicial continuity from start to finish. Will the Secretary of State raise that issue with the Justice Secretary, to ascertain what measures can be put in place to ensure better provision of judicial continuity, especially for care proceedings involving our most vulnerable children?

**Ed Balls:** Lord Laming does not raise that issue particularly in his report, but we will make sure that we keep a close eye on all these matters. A substantial amount has happened in the past year to improve the operation of the family courts, but we are happy to keep the matter under review.

**Meg Munn** (Sheffield, Heeley) (Lab/Co-op): Thousands of words have been written about cases that have tragically gone wrong. Will my right hon. Friend ensure that greater focus is given to identifying good practice, looking at what works, ensuring that that information is properly collated, and importantly, celebrating social workers and managers who are keeping children safe, because that will be part of properly valuing social workers?

**Ed Balls:** My hon. Friend is absolutely right and has great expertise in these matters. The doctor who performs a life-saving operation, the police officer who solves the crime, the firefighter who saves a life—those are all examples celebrated in our newspapers. The fact is that a social worker who protects a child from harm does not get the same praise and recognition publicly—perhaps inevitably, to protect the identity of the child. But we need to do much more to celebrate the great work of many social workers around the country. That is a priority for the unit, in order to ensure that the best people come into social work in future.

**Mr. Andrew Mackay** (Bracknell) (Con): Does the Secretary of State share my concern that it was not necessarily always a good idea to merge education and social services departments, and that it is not always a good idea to split up child services from adult services? Does he agree that giving local authorities the flexibility to decide how such services can be most effective is the right way forward?

**Ed Balls:** As I pointed out in my response to the Opposition spokesman, there is a widespread consensus on the importance of the Every Child Matters reforms in the 2004 Act, but regrettably the Conservative party is outside that consensus. As Lord Laming says, there is no doubt that bringing such services together under one local authority department has provided a more integrated approach to support children. It is clear that we have further to go, which is why we will ask the National College for School Leadership to expand its remit to support directors of children's services. But do I think that there should be local authority discretion to deviate from the 2004 Every Child Matters framework? Absolutely not.

**Dr. Tony Wright** (Cannock Chase) (Lab): I very much welcome what my right hon. Friend has said, but does not the fact that we keep returning to the issue mean that there is a more general lesson for all of us? When we have crises, scandals and issues, it is easy to pass a new law, set up a new body or institute a new procedure, but if nothing changes on the ground we have not done very much. What makes organisations as they are is their culture. There is something going wrong with social work, and unless we rebuild the social work profession in a serious sense, we will keep returning to the issue.

**Ed Balls:** The fact is, though, that there has been great change on the ground, and we will ensure that that is accelerated in future. From time to time, as we have seen in recent weeks, parents do evil things to children, and sometimes there is deception of social workers as that happens. But when that comes to light in authorities there must be action, and that did not happen in Haringey. We need to sort that out for the future.

**Sir George Young** (North-West Hampshire) (Con): The Secretary of State will know that there has been a high turnover of front-line staff in children's services, particularly in inner-city areas. What more can he do to promote social work as a career of choice for those seeking a professional career? What more can be done to keep them in that profession and allow them to progress without so many of them leaving because of pressure of work?

**Ed Balls:** The answer is the advanced professional status that we have announced today. It is important that social workers can have career progression without having to move from the front line into management. We need to improve that in the way in which we pay and promote social workers.

**Laura Moffatt** (Crawley) (Lab): Crawley residents were horrified to learn that West Sussex was on the list of those authorities whose services were deemed to be inadequate for safeguarding our children. Will my right hon. Friend reassure us that there is an absolutely priority to ensure that the 58 recommendations are urgently implemented in West Sussex to supplement the work already being done by his Department?

**Ed Balls:** It is important for the recommendations to be implemented not just in West Sussex but in every other local authority in the country, but owing to our specific concerns about that authority, the spotlight of scrutiny will shine on its area in particular.

**Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): Following previous tragedies such as that of Victoria Climbié, there have been many inquiries and reports. All have shown good intentions, but sadly many authorities have not implemented their proposals, with the result that—as was pointed out by the hon. Member for Cannock Chase (Dr. Wright)—we keep returning to the issue. What assurance can the Secretary of State provide that, on this occasion, the proposals will be implemented? Is there a time frame within which they must all be implemented, so that this report does not just lie in their in-trays?

**Ed Balls:** It might be more helpful if Conservative Members did not urge local authorities not to implement the recommendations. The Every Child Matters framework should be the law in every area. Although 101 authorities are already considered to be good or outstanding, we want 150 authorities to merit that description. Those authorities should be implementing the law and best practice now, and we will drive the system until we can be assured that that is being done everywhere.

**Ms Gisela Stuart** (Birmingham, Edgbaston) (Lab): In his statement, my right hon. Friend said that improvement notices and additional support were now in place in Birmingham. Meetings attended by Members with both Ofsted and the city council have featured a spirit of openness and co-operation, but as my right hon. Friend said, serious case reviews must remain confidential. How can it be ensured that organisations do not return to their instinctive practice of using the need for confidentiality as a reason to be extremely inward-looking, and thus to avoid accountability?

**Ed Balls:** Every serious case review must be subject to a full, comprehensive and public executive summary, and when case reviews have proved to be inadequate we have required authorities to conduct them again. It is important for the work to be done in a spirit of openness and co-operation, and we believe that opening up the process by appointing lay members to the safeguarding board will achieve that.

**Mr. Peter Bone** (Wellingborough) (Con): The Secretary of State has accepted Lord Laming's recommendations and taken action to implement them as a matter of urgency, but may I press him a little further? Can he give us an idea of the overall time frame within which they must all be implemented?

**Ed Balls:** We will have responded to all the recommendations by the end of April. In the spring we will change our statutory guidance, which is the way in which we ensure that the law is implemented as a matter of urgency. We are making decisions today that will allow us to start implementing some of the recommendations immediately, and that will be done at the fastest possible rate consistent with doing it well.

**Fiona Mactaggart** (Slough) (Lab): I welcome the emphasis on training in both Lord Laming's report and my right hon. Friend's statement. I also welcome the establishment of a social work taskforce by my right hon. Friend and the Secretary of State for Health, but would it be possible for it to include the Secretary of State for Innovation, Universities and Skills? Reading university is currently planning to close its social work education department, which means that there will be no such department in the whole of Berkshire. Oxford university has already closed its social work department, as has the London School of Economics. There is a crisis in quality social work education in our universities.

**Ed Balls:** It is vital for undergraduate education in social work to be of the highest quality, and to prepare professionals for practice on the ground as well as teaching the theory. That will be a priority for the taskforce, and I will ensure that its members examine the capacity of the system to train social workers as well as the content of the course. I am sure that they will reflect on what my hon. Friend has said.

**Ann Coffey** (Stockport) (Lab): Abacus, in my constituency, is one of the first health-led Sure Start centres, and its success in involving local parents lies in that focus on health. One of the problems encountered by social workers trying to monitor the well-being of children living with parents who have multiple problems, including drug and alcohol addiction, is the difficulty of persuading those parents to co-operate with statutory agencies, but they may be more responsive to health professionals. Will my right hon. Friend ensure that children's centres retain that strong health focus, and that social workers have the necessary powers to ensure that children whose parents cannot meet their social and emotional needs can benefit from the excellent child care provided in such centres? I believe that that would make better monitoring possible.

**Ed Balls:** We will accelerate our efforts to ensure that it happens. My hon. Friend and I have met to discuss the issue, and I know that she has great expertise in this area.

In the case of family intervention projects and, more widely, Sure Start, when children are at risk—when they are on the child protection register, or are subject to a child protection plan—it is important for them to be given all the support they need. That is partly a job for health visitors, but Sure Start has a vital role to play, and we will ensure that it is given that role.

**Richard Burden** (Birmingham, Northfield) (Lab): As was pointed out by my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart), there is a great need for transparency in Birmingham. While it is in no one's interest for anyone to be pilloried, it is important for Members to be kept informed of what Birmingham city council and others are doing. So far the signs are fairly good, but the council has a habit of claiming credit for anything that seems to be going right and finding someone else to blame when something goes wrong. Will my right hon. Friend ensure that that does not happen in this instance?

**Ed Balls:** I will. The improvement notice applying to Birmingham is critically about public confidence, which must mean involving the public and Members of Parliament so that they can see that not only is progress being made, but proper diligence is being applied to the important work of child protection.

**Joan Walley** (Stoke-on-Trent, North) (Lab): I welcome my right hon. Friend's response to the report, but will he say a little more about the issue of prevention? Given that social workers and teachers provide children's services

*[Joan Walley]*

side by side, will he think carefully about how money can be restored to primary schools so that they can continue to carry out their important work of supporting children and parents in the community? If they are to do that, more funding is needed.

**Ed Balls:** The local safeguarding children board has a vital role, not just as a watchdog for children who are subject to a child protection plan, but in ensuring that the children's trusts are properly resourced and can work together on prevention and early intervention. Because it is vital for that work to include schools as well as the health service, we are legislating to give schools a duty to co-operate with the trusts. That is an important step towards achieving the objective identified by my hon. Friend.

**Mr. David Kidney** (Stafford) (Lab): There has been a damaging lack of clarity in regard to the training, responsibility and status of social care and health care workers with a duty to protect children. How will my right hon. Friend ensure that in future all of us, politicians nationally and locally, remain engaged long after the headlines have gone, in order to provide the necessary consistency and clarity?

**Ed Balls:** That is something that I have challenged the taskforce to consider. It is an important responsibility for the new unit. While it is incumbent on the Select Committee and the House to keep these issues under the public spotlight, that is also a responsibility for the social work profession, which needs to speak with a louder and clearer voice on the issues with which it deals. Practice and procedure should not only be subjected to external scrutiny; the profession itself should speak out with more confidence.

**Kerry McCarthy** (Bristol, East) (Lab): When considering child protection issues, will my right hon. Friend heed the worries about informal fostering arrangements, particularly the arrangements made when a parent has gone to prison and, in the asylum-seeking community, when children have arrived unaccompanied and are living with people who are not their natural parents? Does he agree that, at local level, we ought to know exactly who every child is living with, and whether the people concerned are the appropriate people to care for those children?

**Ed Balls:** That is a critical responsibility for the local authority and the children's trusts. In the case of Haringey, some of the informal arrangements were a problem, which was highlighted in the serious case review and will be highlighted when it is published again. We need to keep a close eye on the issue.

**Dan Norris** (Wansdyke) (Lab): Those who harm children by using intimidation and violence against them often act in the same way towards the professionals who deal with them. Will my right hon. Friend ensure that the taskforce focuses carefully on intimidation by dysfunctional, dangerous, violent, aggressive and generally unpleasant and devious families? While I welcome the changes in the system that my right hon. Friend has announced and consider them necessary and appropriate, unless social workers out there in the field, or at the coal face, can apply them, that work will have been in vain.

**Ed Balls:** My hon. Friend is right. He, too, has great professional expertise in this area. It is vital for us to provide proper training and support for front-line social workers who, as I have said, do what is often a dangerous job that may involve both deception and intimidation. The social work taskforce must examine that issue explicitly. Today the Health Secretary and I will write to every social worker in the country, telling them what we have announced today but also encouraging them to participate in the work of the taskforce. We hope that social workers throughout the country will take up our invitation.

**Martin Salter** (Reading, West) (Lab): I entirely endorse the remarks of my hon. Friend the Member for Slough (Fiona Mactaggart) regarding the disgraceful closure of the social work courses at Reading university. It gives me no pleasure that the Secretary of State named in his statement two local authorities in my area—Reading and Wokingham—but does he acknowledge that significant progress has already been made in Reading in improving the safeguarding of children, with Ofsted saying:

"Lead councillors and the new chief executive are providing strong leadership by driving through urgent measures to ensure rapid improvement"?

**Ed Balls:** As I said, Reading is one of the authorities where we have sent in our diagnostic team—and I must say that in all the areas where we have done that, there has been real co-operation from the local authority leadership involved. Although the report has not yet come back to Ministers, I know that there is real and substantial engagement from the local authority, and a determination to make sure that any things that need to be changed are changed with speed and determination.

**Ms Dari Taylor** (Stockton, South) (Lab): I warmly welcome my right hon. Friend's statement, but I ask him to acknowledge once again that social workers are often overworked and face extraordinarily complex situations, and that, added to this mix, they frequently face parents who, as my hon. Friend the Member for Wansdyke (Dan Norris) said, can be seriously devious and can hide the abuse they are perpetrating. This is a very complex area, and training, personal mentoring and support for social workers is an absolute requirement.

**Ed Balls:** My hon. Friend is absolutely right. As I have said, social workers are often unsung heroes doing a very difficult job, but to make sure that they can do their job with confidence and determination requires us to look at both resourcing and management, and the front-line support they get from management. We need to address this; we cannot simply leave individual social workers to do the job on the front line. They need more support and training, and we are determined to make sure they get it.

**Mr. Paul Burstow** (Sutton and Cheam) (LD): I thank the Secretary of State for his statement. He referred to the compelling logic behind the report published by Lord Laming—compelling logic that was contained in his last report, and which I think all Members must be fearful will be contained in the next report. The question I have for the Secretary of State concerns Ofsted. What steps will be taken to strengthen its capacity and competences to undertake the serious work of inspecting

in respect of safeguarding children? Will he also answer the question that my hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke) asked him about training and national leadership, and will he seriously consider submitting himself, his ministerial colleagues and senior officials in his Department to the training he expects others to undertake?

**Ed Balls:** I was clear that supporting the training of leadership, management and front-line social work is a priority. I do not claim to be able to second guess that professional judgment and professional leadership, as these are people who have studied and have had experience on the front line for many years, but of course it is important that we at the national level play our proper role to make sure that local leaders and social workers can do the difficult job that they are asked to do. I would also say to the hon. Gentleman that it is important that we as a House recognise not only the challenges we face for the future, but the substantial progress that has been made since 2004. Lord Laming is clear about that, and all of us in this House should be clear about it today.

**Mr. Graham Allen** (Nottingham, North) (Lab): Does the Secretary of State accept that the best time to safeguard a child is in the generation before that child is born rather than immediately afterwards, by ensuring that when potential parents are babies, children and young people they have the appropriate social and emotional bedrock to be able to grow up and be parents? Will he therefore support alongside a late intervention policy, an early intervention policy, so that we not only continue to swat mosquitoes, but drain the swamp?

**Ed Balls:** I am not sure that I am fully happy with my hon. Friend's last analogy, but I agree with what he says about early intervention and prevention. It is vital that that is central to the thinking of our children's trusts and safeguarding boards, and of professionals throughout the country. It must also be central to Ofsted's thinking—and it is very important that Ofsted responds properly, as I am sure it will, to all the recommendations in this report. There is a real responsibility on Ofsted to make sure that it is also inspecting that there is sufficient capacity and leadership to have effective early intervention and prevention. As my hon. Friend says, that is, in the end, the only way to make sure we can both genuinely keep children safe and allow them to fulfil their potential.

## Point of Order

1.35 pm

**Mr. Bernard Jenkin** (North Essex) (Con): On a point of order, Mr. Deputy Speaker. Would it be in order for me to use this opportunity to apologise to the House, as I believe I may have breached the new rules on the use of Commons dining facilities in relation to political fundraising? I hosted a lunch for a leading charity in a Commons dining room on 19 October 2007. I have written a full explanation to the Parliamentary Commissioner for Standards, asking for his advice and for him to take whatever action he considers appropriate. However, it is my understanding that he can neither give me advice nor investigate this matter at my instigation, and this may raise an issue that the House would wish to consider. I wish to acknowledge that although the new rules were not fully in force at the time, it was a mistake for me not to have taken proper advice at the time, so I apologise without reservation to the House for any breach of the rules, and I will place a copy of my letter to the parliamentary commissioner in the Library.

**Mr. Deputy Speaker (Sir Michael Lord):** That is not strictly a point of order for the Chair, but the hon. Gentleman has made his position clear on the matter. It is now firmly on the record, and no doubt the House authorities will take note of what he said.

## Public Accounts

1.35 pm

**Mr. Edward Leigh** (Gainsborough) (Con): I beg to move,

That this House takes note of the 30th, the 36th, the 39th to the 41st, the 43rd to the 49th, the 51st and the 57th Reports of the Committee of Public Accounts of Session 2007-08, and of the Treasury Minutes on those Reports (Cm 7493, 7522 and 7545).

As ever, I am delighted to open this debate on the work of the Public Accounts Committee. In January 2002, in my first contribution as Chairman, I said that our duty was to act as the parliamentary laymen and women who hold the mandarins to account. As a Committee, we retain a unique relationship with the civil service. We ask the questions our constituents would ask if they were in our place. We do so without fear or favour, and without political rancour, and always for a positive purpose. In short, we promote and protect the interests of taxpayers.

In the subsequent seven years of my tenure as Chairman, I do not think there has been a more important time than the present to prod, press and pursue those who run our public services, to make sure they get the most bang from our buck. I do not consider us remiss when the loudness of our own "bang" startles the occasional permanent secretary. It is, after all, a milder form of shock than Voltaire's original observation that we kill an admiral from time to time "pour encourager les autres", although judging from his occasional comments on the social background of those before us—especially those in uniform—the hon. Member for Glasgow, South-West (Mr. Davidson) might, perhaps, not be averse to such a punishment occasionally being dealt out to senior mandarins.

While I am following a French theme, hon. Members may be aware that my views on the malevolent economic climate recently led one of our national newspapers to compare me with a great historical figure. Unfortunately, that figure was Marie Antoinette. I am therefore relieved that the word "guillotine" has a slightly different meaning in this place from that which it had in revolutionary France. I am bound to note, however, that spiralling national debt was one of the sparks that ignited the French revolution. I do not think it a party political point to suggest that our own growing fiscal predicament should spark—indeed require—another kind of revolution: a genuine upheaval in the delivery of public services.

In a recession, the demands on public services grow, and in this recession the public purse continues to slake the seemingly unquenchable thirst of the financial sector. Even should the Government be proved right and economic spring begin to bloom next year, there will be no escaping tough fiscal choices. To meet the expectations of those who fund and use public services without adding to the burden of debt, we need more than incremental reform; I believe we need a Whitehall revolution. It is in this context that we consider the work of the Committee today. In my view, it makes our work all the more relevant and all the more important. Our recommendations contribute to reform; perhaps our deliberations can help to stimulate this revolution in Whitehall.

I want to focus on a few central themes. Some unkind critics say that much of what is said by Members in this place is spoken with one eye on tomorrow's headlines. However, when I say I want to talk about efficiency and financial management, I am sure Members will recognise that I must be motivated by more than the allure of an increased public profile. I doubt that this report will figure much in the tabloids tomorrow, but that does not mean that it is not important.

I also want to touch on a third, more specific issue arising from the Committee's work—how the public sector works with the private sector. Such worthy topics are meat and drink to members of the Committee and, indeed, to the Minister herself. True efficiency is about delivering more out for the same in, or the same bang for fewer bucks. It must be the engine of our Whitehall revolution—at the top of every public servant's agenda. When people have to tighten their belt and watch the pennies, they expect the same from their own Government.

I acknowledge that there has been progress in parts of Whitehall in improving efficiency and the effective delivery of Government programmes. I believe that I am less at risk than some in seeing some green shoots here, although in this case they are of reform, not yet, I fear, of revolution. I am happy to celebrate—we have mentioned this before but it bears repeating—the example of the work to update Jobcentre Plus offices. Given that it is one of the biggest public sector construction projects the UK has seen in recent years, we might have been forgiven for fearing the worst, but this tough project was delivered on time and within budget. It is worth dwelling on why.

The project demonstrated the value of continuity in leadership, the importance of experience and the benefit of engaging local staff throughout a change programme. Members might think that I am attempting to lobby for them, or even myself, in celebrating the benefit of age and experience, but between them the senior management team that oversaw the Jobcentre Plus project boasted more than 100 years of front-line operational experience. They had all started from the very bottom, as clerical assistants. They knew how to run projects. There is no question but that the knowledge and savvy that this brought contributed to their success. We all know that the right team with the right skills on the right project can make all the difference. There is no need to throw endless sums of money at a project to make it work. What is needed is the right mix of experience and know-how, and, of course hard work. Whitehall needs to let those with the skills get on and do their jobs properly, and there is no reason why these projects—even IT projects—should not be run successfully.

**Mr. Don Touhig** (Islwyn) (Lab/Co-op): I apologise to the hon. Gentleman and to the House—I would like to take part in this debate but I have to attend a meeting of Members' pension fund trustees shortly. I pay tribute to him and his chairmanship of our Committee. He makes a very important point about the successful operation of Jobcentre Plus. Does he share my frustration at the fact that the good practice that we do see in the PAC—we do not see it very often—is not shared across Whitehall? What can we do to make other Government Departments wake up and say, "Here's a good way of doing something; let's copy it"?

**Mr. Leigh:** That is a very important point with which I agree entirely. It is very frustrating. This morning, the National Audit Office report on the new computer

system for offender management was published. That is another disastrous project. In answer to the right hon. Gentleman's question, we can help. I went out of my way on Monday in our Committee to congratulate Mrs. Lesley Strathie, who worked her way up from the bottom of the civil service and ran the Jobcentre Plus projects that we have helped to launch into the stratosphere. She is now chief executive of Her Majesty's Revenue and Customs—an absolutely top job in Government. I think it is still the case that, with the exception of Mrs. Strathie—I may be wrong—there are no other permanent secretaries who have actually run projects. There is no great mystery about this. We should reward public servants for delivering projects on time and on budget.

Regarding this disastrous thing that we looked at with the NAO this morning—there have been other such projects—nobody has ever been sacked; nobody's career, so far as we know, has ever been harmed. We have to reward civil servants who perform properly—yes, even with bonuses—and we have to be prepared to move sideways or even dismiss from their posts civil servants who do not deliver because, ultimately, the public suffer. In that regard, the intervention made by the right hon. Member for Islwyn (Mr. Touhig) was a very important one.

**Angela Browning** (Tiverton and Honiton) (Con): I totally agree. It is typical for civil servants to be moved sideways if there is some terrible problem that they have been involved with. However, I wonder whether, in addition to the rewards that my hon. Friend is suggesting, there is a much more structured way of improving in-service training and skilling for existing civil servants, and of improving the training of new civil servants, so that those already in-post can benefit while in-post from the skills training they clearly need, and the necessary skills can be introduced in the core training.

**Mr. Leigh:** Yes, we need a much better developed training system for civil servants.

I have discussed the issue with Gus O'Donnell, the Secretary to the Cabinet, whom I have great confidence in and who is trying to change the whole culture of Whitehall in terms of training and a more professional approach. We must create almost a convention within Whitehall that someone who gets to the very top as a permanent secretary who advises Ministers must have run a project successfully. That is what happens in the private sector. People do not get to the very top of the private sector in an industrial company simply by advising the chairman or the chief executive on policy; they get there by delivering a successful project on time and on budget.

**Mr. Ian Davidson** (Glasgow, South-West) (Lab/Co-op): Is not one of the lessons to be drawn from the roll-out of the Jobcentre Plus office network shown in the response of the head civil servant to the point that I made about the social origins of her staff? As page 17 of the Committee's report shows, she responded by saying that only one of the top 23 members of staff in her department had come from Oxbridge. This is undoubtedly the most successful department that we have ever come across in terms of rolling out successful projects. Does the hon. Gentleman believe that there could be anything more than a coincidence there?

**Mr. Leigh:** I did not go to Oxbridge myself. I do not know, Mr. Deputy Speaker, whether you went to Oxbridge—you are not going to enlighten us. Anyway, we had better move on, but I take the hon. Gentleman's point, which is a very good one.

Knowing that the public sector can sometimes get the job done makes it all the more frustrating when things go pear-shaped, as I am afraid they often do. Unfortunately, my Committee has found that excellence across the board still remains elusive. Let us take one example—the Committee's report on the Department for Transport's initiative to share with its seven agencies a central unit of corporate services. The project was dreamt up as an efficiency drive aimed at saving the taxpayer £57 million by 2015. Sadly, what followed was an example at risk of ridicule, rather than a shining example of revolution. This "inefficiency" initiative managed to cost the taxpayer an extra £81 million, and on occasion the swanky new system took to communicating in German—not so much "Yes, Minister" as "Jawohl, Minister". Rather than obtaining the benefits of German efficiency—

**Mr. Richard Bacon** (South Norfolk) (Con): The computer says "Nein"!

**Mr. Leigh:** Probably, yes. Rather than obtaining the benefits of German efficiency, the Department for Transport lumbered itself with inefficiency in German. I recognise that this is an extreme and perhaps amusing example, but our report suggests that there needs to be a more consistent focus on delivering efficiency.

**Mr. Greg Knight** (East Yorkshire) (Con): I assume that my hon. Friend is referring to his Committee's 57th report. I notice that on page 5, the Committee report states:

"This case is one of the worst this Committee has seen and responsibility for these serious weaknesses rests firmly with some of its top officials."

What disciplinary action has been taken against those top officials?

**Mr. Leigh:** To be honest, I do not recall—we have 60 sessions a year; other members of the Committee are here—but at a guess, none, despite the staggering failure in project management. A project that was supposed to save some £50 million actually wasted £80 million. I think we were told, as we always are, that we are not entitled to pursue civil servants by name, and I do not think it right that we should. My father was a civil servant and I have a great sense of the ethos of senior civil servants. It is not for us physically to pursue, persecute and crucify them, but I do think that it is for the civil service itself to take to task people who are responsible for such a catastrophic failure.

**Mr. Knight:** I totally accept what my hon. Friend is saying, but I note that in its response to his report, the Treasury states at paragraph 4:

"There have been consequences for individuals responsible for those weaknesses".

What on earth does that mean? Does he not agree that, at the very least, we ought to know what those consequences are?

**Mr. Leigh:** It may be that we should pursue that matter further. I suspect the consequences are that promotion for those individuals has been less accelerated

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than it might have been otherwise. As my hon. Friend the Member for Tiverton and Honiton (Angela Browning) said, that is usually the way of the civil service—people are never sacked, but sidelined. Traditionally, the deal in the civil service has been that people do not get bonuses, but they do not get sacked. It is a job for life, but people do not get paid terribly well. As a House, we have to think about the matter much more than we do.

The financial rewards at the top of central and local government are very high. Permanent secretaries earn a minimum of £140,000 a year and their salaries can go up to £220,000 a year, and many civil servants earn far more than that because they are on bonus-related schemes. The whole culture of Whitehall is changing, and perhaps the traditional way of doing things—that civil servants are never sacked—has to be thought about again by the Government, but it is for them to make up their minds on that.

We looked at a project run by the Department for Culture, Media and Sport, and the nine grant-making organisations it sponsors. We found that it spent a hefty £200 million to administer and pay out just £1.8 billion in grants without efforts to benchmark the grant makers' way of doing things against each other, or against other ways of working elsewhere, which we might have expected. The Department could have no idea of how other grant-giving organisations operate or of what the costs were. Ordinary times would require greater focus on efficiency than is evident from those examples, but today we face extraordinary times. I am concerned that, far from driving true efficiency in the everyday business of Departments, circumstances may be leading us to institutionalised inefficiency. Spending taxpayers' money is what Governments do, but we know that spending money is the easiest thing in the world; getting something practical for it is much harder.

We have seen before that it is easy to increase spending rapidly on a service. We saw that as we drew up numerous PAC reports into the NHS and the Rural Payments Agency. We make no comment on or complaint about the increase in spending—that is not our job. Too often, the rush to spend has been unaccompanied by any insistence on improved efficiency. When new money is put in, the taxpayer is entitled to expect identifiable improvements in productivity on the front line.

As the Government bring forward spending plans to try to counter the recession—the Department for Transport is one of the bodies most involved—we must be vigilant in guarding against waste, and we should try to ensure that the efficiency gains we have achieved so far are protected as spending increases rapidly. There should be a forensic efficiency assessment of every proposal to buy now what was expected later. Accounting officers should be certain of the costs and benefits of moving money around, and we expect to see evidence that they have adopted the most efficient solution, not leapt at the most convenient spending opportunity.

With so many pressures threatening efficiency, the public must be able to have faith in the savings claimed. The Committee has had to express scepticism over claimed efficiency gains in the past—I put that point to the Prime Minister myself, in the Liaison Committee. Our 2007 report cast doubt on the reliability of 74 per cent. of the savings claimed. I am not going to go into that again, and I have welcomed the fact that Departments' claims will now be subject to the independent scrutiny of the National Audit Office, which is very good news. I am pleased to say that the Treasury has already promised to take into account associated increases in costs elsewhere before proclaiming efficiency gains. That is becoming more and more important.

As well as external scrutiny, the civil service needs far more internal challenge to how things are done—a point emphasised by the recent National Audit Office report "Helping Government Learn". In Departments' thinking, the question "Is this the best way to do it?" seems only to arise late. One of the challenges for my Committee is to help to shake Whitehall free from the mentality, wherever it remains, of, "This is the way we work because this is the way we've always worked".

True efficiency will not be achieved without an ongoing revolution in financial management in the public sector. We have seen some improvements in that area, too. I welcome the increase in the number of qualified finance directors sitting on the boards of Departments. Today, I note at last that that includes the Department with the biggest asset base: the Ministry of Defence, which now has a qualified finance director—we have campaigned for that for years. However, that should be set in the context of a general lack of financial know-how among staff, who are not finance specialists. It simply cannot add up that the financial skills of the people who spend public money are not up to scratch.

The Committee's report on managing financial resources highlighted the disturbing truth that only 20 per cent. of Departments base their policy decisions on a thorough assessment of the financial implications of their proposed actions. Departments will not get true efficiency unless they know the true cost of what they propose, and factor that into their decisions. It is all too easy to predict the results of that gap in financial skills. Things are better now, but in two successive years the Department for Environment, Food and Rural Affairs budgeted to spend more than it had been given by the Treasury. Anyone with experience of managing a household's weekly account knows that that would lead to disaster. If, halfway through the year, a Department has to invest creative energies in juggling funds to try to stretch its budget, or to make cuts to its planned programme of work, that can only be counter-productive and harm the delivery of public services. I am sure that the Minister will agree that it is not for the Treasury to pull Departments out of the mire of their own making.

My final theme reflects an environment in which revolution is already upon us, whether we like it or not. The days when the public sector designed, developed and delivered public services in splendid isolation are gone. Engaging with the private sector requires different skills and brings different risks. Public sector officials must have their eyes wide open to profiteering, and their commercial acumen honed by experience, especially in today's environment.

It is not only in setting out the terms of a contract that we have seen problems. The Committee's report on changes to operational private finance initiative contracts showed that whether a PFI contract represents value for money for the taxpayer depends not just on the terms of the original deal, which is what we may have put emphasis on before, but on how the contract is managed over the

next 20 to 30 years. Unfortunately, we found that many public sector authorities are not doing well enough in managing PFI deals once they are up and running, and too often that is down to the familiar problem of a lack of commercial expertise. If one adds to that the results of an NAO survey which found that more than 15 per cent. of PFI projects examined are not managed on a full-time basis—unbelievably—the whole thing can start to look somewhat amateurish.

In this case, as elsewhere, there are some green shoots. The Committee found much to laud in the Highways Agency project to introduce a better motorway communication system, delivering up-to-the-minute information for motorists. The small black cloud on this particular horizon was that it took five years to negotiate a deal that the agency had expected to be tied up in just two. But the agency was determined to sign the deal only—and this is good news—when it had set out exactly what it wanted at a price it could afford, and it successfully did so, which meant that it remained within budget and got the project delivered on spec and in good time. I do not know whether those involved went to Oxbridge, but they did it. In signing the agreement, the agency was also successful in passing many of the risks of the project over to the private sector contractor.

Before I close, I want to take a moment to consider the broader implications of our reports for the scale of private sector involvement in public services in the current financial climate. In our last debate, I queried the level of debt being built up under PFI. It is staggering. There are 630 signed PFI projects, with a further 110 in the pipeline, amounting to hundreds of billions of pounds, but only last week the Chief Secretary to the Treasury announced that the embattled financial markets can no longer support these new deals, which is worrying, frankly. The Government will now act as banker to themselves, changing the balance of risk in deals, and with an uncertain exit strategy. Let us remember that the point of PFI was that we would get projects delivered on time and on budget, and that the risk would be passed to the private sector. We are now in an uncertain world. That is a sign of how revolutions have unforeseen consequences, and it will require the very best commercial skills to manage the risk to the taxpayer.

It is not for me, as Chairman of the Committee, to cheer or decry any particular measure. The Government have a perfect right to do anything they like—well, within reason. However, my Committee will, I hope, continue to be the taxpayers' conscience, reminding Ministers and officials—should they ever need such a reminder—that the test we apply is not simply, "Can you spend?" but rather, "Can you spend wisely?" I think that the work of our Committee is held in high regard, and that all its members would agree that we are privileged to serve on it. Our impact is the result of the hard work and commitment of all Committee members and I thank them for their dedication. In particular, I would like to thank the my hon. Friend the Member for Ludlow (Mr. Dunne) who has left the Committee since the last debate. I welcome my hon. Friend the Member for Harwich (Mr. Carswell) who, I am sure, will bring much to our deliberations. As ever, I would like to thank our clerk, Mark Etherton, and the Committee staff.

Lastly, seven years ago, I commented on the importance of the National Audit Office to our work. That importance remains and I pay tribute to its work in providing so much evidence, across every conceivable aspect of Government activity.

I want to thank, too, the current Comptroller and Auditor General, Tim Burr, for his efforts and his support for the Committee during his tenure and for taking on the National Audit Office on an acting basis at a difficult time. Last month, the Committee held its first ever pre-appointment hearing in its 150-year history with the Comptroller and Auditor General-designate, Mr. Amyas Morse. Mr. Morse, I am pleased to say, will be the first ever chartered accountant to hold the historic post of Comptroller and Auditor General. I pay tribute to Nick Macpherson, the permanent secretary to the Treasury, Tim Burr and Andrew Likierman, the new chairman of the NAO. We have worked together to make what I hope is a good choice. The Committee had no hesitation in declaring its confidence in Mr. Morse's suitability for the role and we look forward to working with him from the summer. I hope that the changes in the NAO's governance arrangements will also soon be put on a firm statutory base and we look to the Minister to try to make progress on that.

Finally, many of the people whom we represent are going through tough times that are not of their creation. I believe that that makes the role of the Committee even more important. That role is not simply to scrutinise spending, nor is it solely to terrorise witnesses. As I said seven years ago, we do not want to be just an undertaker. We are, I believe, a practical force for good, trying to suggest how things can be done better. Taxpayers and officials both benefit when action is taken to give impact to our recommendations, when they are acted on promptly and when, once the Government say to Treasury Ministers that they have to do something, they actually do it. In our hearings and in our speeches in this debate, we can encourage the revolution in the delivery of public services that hard times require.

As we go through these times of financial difficulty and flux, I can say with absolute conviction that one thing, at least, will remain consistent: the determination of the Committee to serve the interests of taxpayers, to stimulate change on their behalf and to hold the Government to account for what they do with our money. I commend the motion to the House.

2.1 pm

**Mr. Austin Mitchell** (Great Grimsby) (Lab): I apologise for the delay in getting to my feet, Mr. Deputy Speaker; I was halfway through writing the speech that I shall now deliver.

The Public Accounts Committee is quite definitely the queen of Committees, from any point of view. Its work is centrally important and it does a vital job. From my brief experience as a member of the Committee, I think that it is doing that job very well and very effectively. I congratulate our Chairman on the guidance that he gives to the Committee and on the points that he has raised today, all of which are crucial.

The Committee's work is a bit like the old American series about the cop called Friday: day and night, a dedicated body of men carry on a relentless fight against wasteful spending. It is a fight that has its ups and

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downs, but now that I have been on the Committee a little longer it is possible to discern common patterns in many of the problems that we face. Each report is exciting and seeing that it is implemented is important and interesting.

A common pattern emerges from the bunch of reports that we are dealing with today and from our work over the years. It is useful to discuss that. One thing that emerges, for instance, is the constant desire of this Government—and of most Governments in the populist climate in which we operate, where every Government want to show that they are in command of the problems, that they are dealing with the problems as they arise and that they are responding to public pressures—to change and to pull everything up by the roots and put it back again in a different order.

That constant pressure to change causes many of the problems, because administration, proper financial controls and efficiency need a settled routine. Instead, we constantly change things. The Jobcentre Plus change commented on by my hon. Friend the Member for Glasgow, South-West (Mr. Davidson), which was implemented by people who knew the business, who had grown up in the department and who had the skill to do it, has been very successful. Other changes have been a good deal less successful.

While we are chopping and changing, the constantly grinding Gershon process of efficiency savings is working away in the Departments producing other changes. Those changes are often counter-productive. We saw in the Rural Payments Agency the consequences of the Gershon efficiency savings. The agency had shed staff who were to prove vital when it came to dealing with the rural payments, which was a big change on a huge scale with which the agency was not capable of dealing. It had to bring back the staff who had been got rid of because of the efficiency changes.

We are seeing that problem now in the Valuation Office Agency with the argument about the business rates for port businesses. The VOA, which has been shedding staff due to the grinding away of efficiency savings, is effectively understaffed and did not carry through the necessary assessments of individual port businesses in 2005. Port businesses have been getting bills in 2008 and 2009 requesting back-payments going back to 2005, which they cannot pay.

The Committee does not consider the constant process of economies, cuts and staff reductions produced by the Gershon efficiency savings. We should consider it as an overall subject. We should consider not just the burdens of change that Governments introduce so regularly but the effects that the grinding down of numbers has on the efficiency of the Departments. There are spectacular examples, such as the RPA and the VOA. Indeed, in Jobcentre Plus there were plans to shed large numbers of staff later this year, but at a time when the recession is producing far more work in Jobcentre Plus, more staff now have to be hired.

The constant process of pushing staff numbers down and then responding to emergencies by bringing people back is a very unsatisfactory method of proceeding. The Committee could consider the process as a whole, and it is a common pattern that we need to investigate. The constant changes lead to gross inefficiency and they are not based on any reliable estimate of the costs. For example, the 14-to-19 education and qualification changes that were examined in one of the reports have been launched into with no assessment of the costs. Local providers have been left to devise their own systems, sometimes in consultation with the industries concerned about what the qualifications should be and sometimes without consultation. Each provider is going down its own path with no overall estimate of the costs of the change and of what should be done financially to make it work effectively. A substantial change has been rushed into without adequate assessment and without the provision of funds.

We have produced a report on the Department for Environment, Food and Rural Affairs. Functions and agencies have been handed to DEFRA, but it has not been provided with the proper management ability, particularly when it comes to financial management. As the hon. Member for Gainsborough (Mr. Leigh) said, there is a dearth of financial experience and expertise in many of the Departments. The Treasury is trying to control things from outside, but it is the internal financial controls that are so important. In DEFRA, those controls have clearly been inadequate. It has been given extra agencies and functions and has faced crises that have led to increased spending, particularly those produced by emergencies such as flooding and by the rural payments fiasco. Those crises have resulted in haphazard economies and attempts to grapple with the situation without proper effective financial controls or financial expertise in the Department. Departmental change has to be backed by proper financial management, but we are not providing that.

The second common pattern that I want to emphasise—unfortunately there is not much scope for doing so in the reports that we are dealing with today—is the obsession with employing consultants. We employ them for every problem that comes up, and the resulting bill is enormous. Overall, it amounts to £70 billion or more, but the assumption is that the necessary expertise is no longer available in the civil service. Matters that could and should be decided by advice from within the Departments concerned, and by proper planning by them, are now decided by consultants.

The normal practice of consultants is to tell us what we want to hear. They wrap it up with statistics and managerial formulae, but they do not offer value for money. That is another common pattern that the Committee should keep an eye on.

**Mr. Bacon:** Does the hon. Gentleman agree that the discussion about the use of consultants is often very general and that it needs to be more specific? Of course there are cases in which consultants have been used when they should not, but if one wants to build a motorway one does not consult only those civil engineers who are on the books. One hires them in when one wants to build the motorway, knowing that the rest of the time they will be employed on building a bridge in Saudi Arabia, or something else useful. Is that not a better way of using public money than employing people on the books full time?

**Mr. Austin Mitchell:** That is a specialised expertise and it is relevant to employ it as necessary. However, the problem goes wider than that, because the big accountancy houses that provide the consultancy services have no

more experience or expertise than the Government Departments responsible for any particular service. It is the general use of consultants that causes the problems.

The Government like to say that a matter has been reported on by consultants. That is why they employ them, but they should have the confidence to say what people in a Department think should be done, and how.

**The Exchequer Secretary to the Treasury (Angela Eagle):** Where did my hon. Friend get his figure of £70 billion for Government spending on consultants? For the record, the amount is £900 million. That total fell by 31 per cent. between 2005 and 2008, so good progress is being made—although I agree in general with his point that Whitehall Departments should not reach for the consultancy option too soon and without proper thought.

**Mr. Mitchell:** The problem is a psychological one—we like the reassurance that a consultants' report gives us before we take action. I admit that the figure that I quoted was my own concoction, but I did not hire a consultant—I made it up myself.

**Mr. Bacon:** I think that the Minister was getting a bit excited at the thought that suddenly there was nearly £70 billion that the Treasury did not know about that could be used for something. We all know the hon. Gentleman's aesthetic temperament when it comes to statistics. I have completely forgotten what I wanted to say in this intervention! It was something to do with consultants and, if I remember, I shall let him know.

**Mr. Mitchell:** The figure includes consultants employed by local government.

**Mr. Bacon:** I have remembered what I wanted to say. The hon. Gentleman mentioned that people in government feel more secure if they have a consultants' report. Does he recall the case of the Criminal Records Bureau and Capita? Bids were made by Capita and PricewaterhouseCoopers, but there was a difference of £150 million between them. The Department concerned commissioned PA Consulting and paid it £300,000 for an assurance that both bids were compliant. They were, but that was because the terms of reference were drawn so loosely that almost any bid would have been compliant. Not only was that £300,000 completely wasted, but it gave false and misleading reassurance to that Department.

**Mr. Mitchell:** I am dimly aware of that case. It casts a comic light on the whole procedure, but I am concerned about the rush to employ consultants without checking whether people in the Department can do the work. The problem is that we seem to need to reassure ourselves of the value of any change by getting it authenticated in a consultants' report.

We need tighter management, so that those firms of consultants that have failed, or whose reports have proved inadequate, are excluded from future contracts. That lack of control is another problem but, although I have spent so much time talking about consultants, it is not a matter that appears in any of the reports that we are dealing with today. I shall therefore move on, delicately and gently, to another common obsession—the private finance initiative, which our Chairman mentioned in his speech.

More than 600 PFI projects have gone through so far, and more than 100 are in the pipeline. We are reaching a difficult moment, as many PFI contracts—such as Building Schools for the Future, and others—are crumbling because of the credit crunch, with the private sector no longer able to provide the necessary credit.

This is an emergency, and it is interesting that the Government have said that some projects will be paid for out of the public purse. In my view, that is what they should have done in the first place. In this country, the PFI amounts to a sort of outdoor relief for capitalism: we shove money into the pockets of the private sector, at no great risk to it or benefit to us. The one benefit to the Government is that the use of PFI keeps projects off the public sector borrowing requirement. If we had been willing to defend borrowing and accept a higher PSBR, we could have done everything more cheaply and efficiently.

However, PFI is a fact of life. Our report on it dealt with the need for proper project management in the service or sector where the contract work is being done. Again, the Treasury has failed to provide advice—to local government, for example, or the NHS—about how a project should be managed, or to ensure that a proper manager is in place to control the contract.

When one looks at PFI contracts, one finds all sorts of excesses, such as the management charges that are imposed, for instance when a PFI contract is transferred to a special-purpose vehicle, or when services are provided. One of the more ludicrous examples was the charge for replacing light bulbs. How many PFI contracts does it take to change a light bulb? At the present rate, we might need another PFI contract to find out, but the imposition of management charges in an unsupervised and uncontrolled manner is a way for companies to extort money from a contract. The lack of specific management control by the recipient of a project, and of specific advice from the Treasury about how the project should be managed, is leading to waste.

That brings me to another common failing: the inability of Departments to deal effectively with business or organised unions and pressure groups. For example, the management of health service contracts for GPs resulted in their being made much wealthier, but there was no dramatic improvement in the service provided to patients. We are now trying to catch up by asking GPs to provide more services and to open for longer hours, but the contract should have provided for such things in the first place.

We more recently examined the new system of health service pay, and although it is right to provide a proper, effective structure, and everyone ended up being better paid, the system did not achieve the purpose of having more effectively trained and qualified staff, although that should have been what the contract was all about. That was a failure.

We have not considered in these reports further failures in defence issues, but there is an inadequacy in dealing with those big interests and big problems.

The last common fault that is worth considering overall is that, while we are spending money through the PFI contracts and consultancies, we are less adequate in raising the tax revenues to support doing so. We have been soft on tax avoidance and tax evasion. That comes out in the report on large company tax payments, where the resort of Her Majesty's Revenue and Customs is to appoint a customer manager to each company to maintain

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friendly relations, rather using than strict, powerful supervision like the American tax authorities, which are pretty tough on tax avoidance and tax evasion.

We highlighted the problem of the relative inability of the teams that deal with tax matters and tax havens. Fortunately, we are now committed to dealing with tax havens and I am glad that the Prime Minister has made that a central issue. For many years, we have told HMRC and Treasury Ministers that the issue needs to be dealt with, and they have said, "Very interesting. That's slightly shocking. Thank you for the information." We have gone away, and nothing has happened. Now, it will be a front-line issue. Jersey and Guernsey are already saying, "Well, we are not tax havens. We're just rather nice islands, with a pleasant existence and a low-tax regime, so please don't call us tax havens." It is a big issue.

The TUC report on the amount of money lost to the Revenue by tax manipulated through tax havens is startling. What we came across in the report on large companies is that Revenue staff are comparatively underpaid and under-skilled in dealing with the large teams that big businesses and tax consultants can mobilise. They are always leaping one step ahead in developing new devices, and the Revenue is lumbering slowly behind. It now proposes to bring back retired staff and put them into service again, but the problem is one of building up the expertise, paying them sufficiently and keeping them, given all the poaching done by the accountancy houses and big business. It is unsatisfactory—this, too, comes from the customs and excise report—that the means of bringing in the tax are less well developed than the procedures for spending it. That is the essence of my observations today.

Not only do we have a problem in ensuring that the reports are implemented—on the whole, they are—but the procedure is unsatisfactory for us, because we are always being confronted by officials who are not responsible for the mess that has been created who promise to clean it up and ensure that things work okay. We are making posthumous changes. We are successful in individual reports, but we need to look at the common patterns of failings that produce such reports, because it has become clear over a long period that there are common patterns and that they should be dealt with as a pattern, rather than as specific issues.

2.24 pm

**Dr. John Pugh** (Southport) (LD): One of the most worthwhile things that I do in the House of Commons is serve on the Public Accounts Committee. It is a pleasure, and the comments from hon. Members on both sides of the House today show that we are a very well adjusted group.

I shall comment briefly on two points that I picked out from the speech made by the hon. Member for Great Grimsby (Mr. Mitchell). He mentioned tax havens, which I anecdotally mentioned in a Statutory Instrument Committee, where I did not think that anyone was paying any attention whatsoever. I mentioned the Isle of Man. Within a few days of doing so, a delegation from the Isle of Man arrived, desperate to see me to explain that it was not really a tax haven after all and that it is largely dependent on fishing mackerel and the like.

On the PFI point, one of my early experiences as a Member of Parliament was voting at a Liberal Democrat party conference against our public service policy, which was then known as the Huhne commission, on the grounds that it gave too much succour to the PFI. That move did me absolutely no good in terms of my promotion prospects in the party, but none the less there is a virtue in being right.

Yesterday, I was involved in a debate where the Financial Secretary to the Treasury defended tax office closures, which is a tough call. I have got a lot of time for the Financial Secretary; he is a rational, reasonable person, who always responds to the points made and never makes forensic, rhetorical or unnecessary points. He made one very good point in the context of this debate. He said that, in a time of recession, when the call goes out for fiscal stimulus and big public spending, it is more important than ever to get value for money for public expenditure, and he is dead right on that point.

The Government should see the Public Accounts Committee not as an occasional irritant, but as a useful ally, particularly in the eternal quest to get public money spent effectively. That can be done. It is not necessarily the case that the private citizen spends money effectively, as hon. Members will find out if they study any shopper—my wife or whoever—nor is it necessarily the case that the public servant spends money profligately. However, it is the case that public servant lacks some of the incentives that a private citizen has to husband resources. Perhaps that is where a theme comes into the PAC. We have all picked out that no one seems to suffer, particularly when money is spent unwisely or when there is simply a bad project.

A classic example is the Chinook case, which has been aired time and again, but it is self-evident that no one has fundamentally taken the blame—people have moved up; people have moved on. In many environments, not necessarily with that project, people seem to acquire bonuses irrespective of their actual performance or efficiency. In other words, there seem in Whitehall to be few disincentives for poor performance. That is our concern. Incidentally, there are not simply few disincentives; there are many expensively acquired alibis for poor performance—they are called consultants. Now, as hon. Members have said previously, there is nothing wrong per se with consultants, always provided—this is not always so—that they are unconnected with the suppliers that they recommend.

There is a lingering anxiety throughout many of our deliberations about the lack of client-side expertise. Recently, we had a session in which we talked about Building Schools for the Future—a massive Government programme—and I inquired about how many people who run that project have any construction experience. I was informed that the bulk of them are lawyers and that very few of them have pertinent experience in construction. I should have thought that Building Schools for the Future would naturally be a magnet for people with some kind of construction experience. However, I am genuinely far from believing that public servants do not want to get things right, and far from believing that they do not get satisfaction from getting things right. There are people whose services we are very fortunate to have, and whose efforts we should applaud; we have mentioned some such instances in this debate. What has

eluded not just this Government, but many Governments, is the secret of encouraging optimum performance in public service.

There is quite a good example in our report on NHS general practitioner contracts. Most people recognise that most GPs do a reasonably good job, but they also recognise that there is scope for progress. The Government and the Department of Health wanted GPs to work harder, more effectively and, in particular, proactively, so that we had a national health service that promoted health, and not a national sickness service that dealt with the problems when people suffered from ill-health. On the face of it, the method that the Department pursued did not seem wrong. In GP practices, good behaviours were incentivised under the quality and outcome frameworks. GPs were relieved of some of their load—out-of-hours work was taken off them—but the result of that plan was far from satisfactory.

There was a huge cash bonanza for practice doctors, but not, sadly, for the doctors employed by the practice or for nurse practitioners. That was slightly depressing; in a sense, one would expect doctors to reward those who had helped them to get the marks, the rewards and the funds. There has been a boost to preventive medicine, and I do not dismiss that altogether. Clearly, there are certain effects that we are yet to see—there may be benefits to people having their blood pressure taken more regularly and the like. Unquestionably, though, one result of the changes was a rickety out-of-hours service. In sum, the quality and outcomes frameworks that the regime imposed on the doctors undoubtedly got things done that needed to be done, but to be absolutely frank, they also got things done that were simply rewarded. The Government were genuinely surprised by the volume of things that were rewarded that were done, and by the cost of that. When they got the bill, it took them aback.

What we are proving, I guess, is that micro-management has good and bad effects. One could say, "Well, what would be the alternative? Should the Government just let things go on as per usual?" Incidentally, I recently discussed with a panel of British Medical Association people what alternative they would have put in place. What they said is quite salutary and worth taking on board. They said that it is healthy to assume a degree of professional pride rather than venal self-interest. If we assume one or the other, we are likely to get it. If we assume that professionals will behave venally, after a while they will be insulted by how they are treated, and they will behave differently as a result. The people from the BMA said, and I agree with them, that professionals are not opposed to benchmarking, transparency or peer comparison; all those things work as incentives for good, professional practice and are probably sufficient in themselves, without duress. Professionalism is not to be equated with self-interest or an absence of self-improvement, and it is certainly not to be identified with that phrase, "the producer class."

On the out-of-hours service, which we also looked at in our report, a different route was taken. GPs have been replaced by businesses, or the curiously named social enterprises, which are supposed to be slightly better than businesses, although I have never seen an adequate definition of a social enterprise. I refer to companies such as Serco, which is probably better known for running trains than for running aspects of the health service. Those businesses are commissioned by primary care trusts. In other words, they are answerable to quangos—inexperienced, recently set-up quangos at that—which are answerable in turn to the regional health authorities or the Department of Health, but certainly not directly to the people whom they serve. As a result of the way in which the contract was set up, they were given insufficient funds, because costs were deliberately underestimated. That was done for a particular reason—no one wanted the GPs to opt out and back out of the deal. The money was to come from the GP pot. Had the bodies taken more than was needed, or more than the GPs were prepared to bear, there would have been a problem. Across the country, the record shows that PCTs are now having to find extra money to deliver a satisfactory out-of-hours service.

The result is unquestionably fewer tired doctors, but it is also more difficulties in communication between the out-of-hours service and GPs. As I have said, there are cost pressures on providers and PCTs, and we have, essentially, a more remote service. If I may make a constituency point, that is certainly true in my area, where much of what is happening appears to be driven by cost. The process has certainly not been consulted on, and it has certainly replaced a superior service. Current provision is failing to integrate with the previously excellent, but now demoralised, district nurse service. In other words, our research and our reports tend to show that throwing out the professionals does not necessarily increase efficiency, value for money or quality of service.

I shall conclude on this point, because there is something that the Government can learn and are learning from it. A Hegelian dialectic is being played out in government. We once used to think that professionals and public servants do their best and should be left to their own devices to do their best. That was, in a sense, the thesis. We replaced that with the new Labour view that public servants need to be challenged, outsourced, bound to targets, incentivised, micro-managed, plugged into commercial values and, if that does not work, exposed to competition. That was the antithesis, so to speak.

The evidence suggests that we may gradually be arriving at a satisfactory synthesis, where the public servants and the professionals simply need to have a structure put in place in order to see professional judgment and experience rewarded and encouraged. That is not what happened in the case of the doctors' contract, and it is not what happens time and again, but anything that the PAC can do to facilitate that process is more than welcome.

2.35 pm

**Angela Browning** (Tiverton and Honiton) (Con): I join the Chairman of our Committee, my hon. Friend the Member for Gainsborough (Mr. Leigh), in thanking all those who help to support the Public Accounts Committee and the National Audit Office, which provides us with so much information through its reports.

Today, we are considering 14 reports that have been produced since the House last debated the work of the Public Accounts Committee. I shall do as others have done and pick out some of the themes that recur in departmental reports. Many of the reports deal with a specific issue or responsibility within a Government Department, and sometimes not only the core Department,

*[Angela Browning]*

but the agencies for which that Department has responsibility. Increasingly, common themes emerge about which we have particular concerns, yet the same themes recur in subsequent reports.

We take a Department-by-Department approach, but sometimes one wonders whether there should be not only a cross-departmental approach but a cross-Government approach to the commonly recurring problems, some of which are systemic within a given Department, and some of which may be systemic within the functioning of Government.

It is easy to say that the workings of Government should seek to reflect the efficiency of the way in which the commercial sector works outwith Government. But having entered the House 17 years ago from a business background, including working for some years in a manufacturing company, I have learned that it is wrong to assume that everything that one sees put into practice outside this place can be transposed to the workings of a Government Department. That is not to say that Government Departments and those who work in them cannot learn a great deal from commercial operations in the areas where we have identified repeated problems, not least in the management of the Government's operation.

As a personal observation, when one comes into the House of Commons—especially if one is fortunate enough, as I was in the early part of my political career, to be involved for a period in government as a junior Minister—a big difference is that decision making is so much slower in government than it is outside. Anyone who has worked in a large corporation, as I have, or even in the small and medium-sized enterprises that we often pick as exemplars of how to do things, knows that the route by which key decisions are made is usually so much more transparent. It is so much easier to identify where the decision-maker is, and getting a decision to deal with problems or to initiate a project is so much faster.

It is tempting to say that decision making will inevitably be slower in government, because a legislature is involved; issues might require primary legislation for policy to be drafted, and the procedures of Parliament must be put in place before action can be taken. All those are self-evident reasons as to why things are slowed down. However, such considerations do not always apply, certainly not in respect of the National Audit Office reports that the Public Accounts Committee examines.

I venture to suggest that one of the ways in which the Committee could help the Government is to look more broadly across the whole range of reports that we produce—within a given year, say—and make recommendations in respect of the systemic problems and weaknesses in how various management systems operate. The Government could accept that as a means of resolving such problems across Government, rather than just dealing with how those issues have affected a particular project or report. Management is a broad concept, so in talking about it I should clarify the areas of management where the PAC reports could help. Previous speakers in this debate have already touched on those areas, and they are certainly issues on which we repeatedly touch in our Committee inquiries.

There is the question of IT. So many problems have come from how IT systems have been commissioned, implemented and subsequently managed in practice. A previous speaker mentioned commissioning and whether consultants are needed. Whether we are talking about a procurement project, the commissioning of a service or a change in how an internal Government function works, before consultants are brought in it is important for the Department to be crystal clear about what it is commissioning. It may not have the internal technical expertise to know exactly what is required, and the appropriate consultant would be expected to help on that. However if something—particularly something technical or complex—is being procured, it is important that there should be access to people who can define the issues as accurately as possible.

In the broader sense of project management, and particularly as far as IT is concerned—some IT systems used in government are particularly complex—it is important to get the commissioning and procurement right. Before the green button is pressed and the work starts, it is important that the detail has been considered. Occasionally, I get the impression that the process is speeded up to fulfil a Government pledge or commitment related to policy. We can think of many examples, but I will not go into detail, although the Department for Work and Pensions and other such Departments have certainly produced classic examples. In many cases, it would have been better to have trialled a system for a lot longer before rolling it out more broadly, with all the problems that that involves.

There are many reports on the tangible procurement side—not least, as others have mentioned, involving the Ministry of Defence. It is a sorry experience to have to look repeatedly at defence procurement and see not only the money wasted—that is almost certainly one of the consequences—but the difficulties caused for those in the field serving as military personnel when the projected procurements overrun. If such procurements overrun on time, they almost certainly overrun on budget. That goes for just about all procurement projects, whichever Department they are in. If there is a significant overrun on time, there is inevitably a significant overrun on the initial costings.

Some of the problems could be addressed if there were not only departmental but cross-Government examination of how the Government manage projects. We see in some of the reports before us fundamental problems that, although it is easy to say so with the benefit of hindsight, could have been addressed. The so-called under-management in DEFRA has been mentioned.

There is always somebody who is responsible for a project. I quite deliberately use the word "somebody" because in the case of a Government Department, it is easy to think that a particular person is not responsible. However, in any system of management, there is always somebody in charge—there is a cascade system. I would be nervous of any system or project in which one could not readily identify the person who was in charge, whatever the level at which the project was being addressed. I say to the Minister that that is a fundamental point.

Of course, there are excellent systems in place to help with project management, but what is important is the combination of the people and the system. Even if an IT system of project management is used, one can see

how under-management, and not having somebody who is known to be in charge full-time, can cause problems to everyone else in the cascade needed to deliver the project on time, probably including external agencies. I know that it is an old cliché, but I remember from a previous existence that projects overrun and become late one day at a time. If there is an overrun of one or two days somewhere in the process and nobody is alert to that or does anything about it, it is easy for the project to overrun by three or four days further down the track, in which case the overrun becomes weeks then months. As we have occasionally seen in our Committee inquiries, a project can sometimes overrun by years, which can have consequences for all sorts of important things associated with the project. In particular, as far as the Committee is concerned, such overruns affect value for money for the taxpayer.

I suggest to the Minister that at a low level within Departments, when anybody initiates a procurement, commissions a service or makes any change that requires management involvement, there seems to be a lack of anyone asking what the consequences will be for value for money. That should be at heart of projects such as commissioning and procurement, but somehow they are all done before people look at whether there has been value for money, as though that is something accidental that is bolted on right at the end. That is the wrong way to look at it.

It is too simplistic to say that competitive tendering is, of itself, the answer. We have seen a huge lack of competitive tendering in some Departments and some projects. It is, of course, a good thing and should be done, but it does not necessarily guarantee value for money when a project is eventually delivered. All sorts of things can happen between a tender being submitted and accepted and a project's final delivery.

There is much to learn not only for the outcome of the 14 reports, but for the Government. I hope that my colleagues on the Committee will forgive me for repeating points that I have made previously, but I find myself constantly asking permanent secretaries and others the same question. The time that elapses between the NAO producing a report, which the Government see in draft form some months previously so they have a good idea of any criticisms or recommendations for improving Government efficiency, and permanent secretaries appearing before the Committee means that they inevitably say, "We've got that in hand now. We're already doing that." Occasionally, I ask, "Were you doing that before you saw the NAO report or have you done it since?" Sometimes, they say honestly that they have done it only since reading the NAO report and at other times, as happened on Monday, that they were already alert to the problem and were doing something about it. It is not a bad thing if an NAO report acts as a trigger for a Department to take action to improve its performance. I say to the Chairman of our Committee that perhaps we should meet every day and get the NAO to produce more reports. Perhaps Government efficiency would then improve and, in a couple of years, we would not even need NAO reports and the PAC. However, I suspect that that will not happen.

I want to emphasise to those on the Treasury Bench—and especially those in the Treasury, because they have an overview and can identify some of the systemic, recurring problems in Ministries—that it is worrying that it sometimes takes an NAO report to flag up the reason for a problem and the possible remedy. One hopes that it would be picked up internally and that the Treasury, witnessing repeated poor management, poor systems and systemic problems across Government, would initiate some sort of oversight and consider how it could help to alleviate some of the difficulties.

**Angela Eagle:** The hon. Lady is making a series of pertinent observations, which I think stem from her experiences in government as well as on the Public Accounts Committee. Perhaps one example of the sort of approach that she suggests is the creation of the Office of Government Commerce, which did not exist 10 years ago and was established precisely because of the continuing systemic problems with procurement that kept coming up, not least in front of the National Audit Office and the Public Accounts Committee. That has led to considerable improvement in the structure of procurement and, increasingly, the outcomes. I hope that that will happen more in the future.

**Angela Browning:** I appreciate the Exchequer Secretary's remarks, which are welcome. Being responsible for overview and able to initiate change in systems is important. However, as I said at the beginning of my remarks, initiating change once it has been identified is dreadfully slow.

I intervened on my hon. Friend the Member for Gainsborough to mention in-service training for civil servants. For a long time, schemes have existed whereby civil servants go to work in industry, and people in industry work in the civil service. That is a good idea but, by itself, it is not the answer. The PAC has been concerned about a matter that is now being rigorously addressed—the lack of accounting qualifications among senior personnel in Departments, not least among accounting officers. It seems so fundamental that one wonders why we did not realise that it was a genuine problem some years ago.

It is perhaps wrong to blame civil servants who have been asked to carry out a specific task for which they have not got the experience and qualifications, when it all goes wrong. I am not saying for one minute that they should not be rewarded for good work or that there should not be recriminations if people foul up, as in any other walk of life. However, the Government need to look at the changing skills that are required of the civil service and incorporate more of them into the initial training, particularly for those who enter through the fast-track system and whom one hopes will later become our senior civil servants. They also need to look at in-service training to ensure that we do not ask people to do jobs for which they are not equipped. When that happens, it is not uncommon for people not to know who is in charge. I am always nervous when I look at a situation and find it hard to identify who is in charge.

2.55 pm

**Mr. Douglas Carswell** (Harwich) (Con): This is the first time that I have taken part in a debate on the work of the Public Accounts Committee. Indeed, I am a new member, having only recently joined the Committee. I am extremely pleased to be on the PAC. From the short time that I have been on it, I sense that it is a Committee whose members think, act and speak foremost as Members of the legislature; only secondarily do they take account of slightly more partisan considerations.

*[Mr. Douglas Carswell]*

The work of the PAC is immensely important. The Government spend many billions of pounds and run vast public procurement contracts. Enormous quantities of our constituents' money are spent. Ensuring that that money is spent wisely and without waste is vital. The work of the Public Accounts Committee, which is to conduct, in effect, retrospective audits, is all the more important precisely because Parliament no longer does its job of—to use the quaint phrase—approving supply properly.

Sure, we vote on estimates and Budgets and we have that ritual called Budget day, but that does not amount to proper scrutiny of how the Executive spend taxpayers' money. Indeed, it took almost a whole year for some Members of this legislature to realise fully what was in one of the Budgets when it came to 10p tax rates. This House rubber-stamps Government expenditure; we no longer control it. This House approves Executive expenditure more in theory than in practice. As I read through the list of PAC reports, I reflect on how once this House properly scrutinised how the Executive use taxpayers' money. There was once genuine scrutiny.

**Dr. Pugh:** It is not my job to defend them, but to be fair to the Government, they are developing the "line of sight" programme, which will give greater clarity about estimates and how the Government spend money. That is surely a desirable development, which we can all support.

**Mr. Carswell:** Absolutely. I welcome any initiative from any part of the House—this is a cross-party issue, not a partisan one—to ensure that this legislature is better able to hold the Executive to account on how they spend our money.

Once upon a time there was genuine scrutiny. Indeed, as some people may know, a war was once fought over the extent to which the House was able to vote to approve supply and Government moneys. However, this House has slowly but definitely lost its power to oversee how the Executive spend our money. The quango state, on which the PAC produces so many of its reports, is in effect beyond budgetary scrutiny. Retrospective audit on the PAC is pretty much all that is left.

Belying each PAC report and the National Audit Office reports on which we comment is a profound question: why is our legislature now so supine and spineless? Why is our legislature not able to do a better job of scrutinising how the Government spend money? Instead of conducting merely retrospective audit, why does this House not properly scrutinise forward spending proposals? The failure of this House to oversee Whitehall budgets properly makes the work of the PAC vital.

My second point concerns what I see as a pattern in those 14 reports. The PAC produces a vast number of reports. Each week, it seems, we produce a report. Sometimes, scarcely a day goes by when I do not switch on the radio to listen to the "Today" programme and hear my hon. Friend the Member for Gainsborough (Mr. Leigh) talking about one of the reports. It is great that we produce so many reports, but to what effect are they produced? We give permanent secretaries a hard time and we can huff and puff, but the waste and the catastrophically inept project management and public procurement continue.

Let us take just one area—defence procurement. It has almost become a cliché for the Public Accounts Committee to produce reports criticising such procurement that catalogue incompetence and failure, yet nothing happens. On the basis of my short time serving on the PAC, I suspect that there is a more profound reason for that failure, and it is this: when big government and big business meet, we get corporatism, and we find that taxpayers' money is siphoned off for their convenience rather than that of the taxpayer.

If the supplier is constrained in any market, the seller is by definition allowed to set the terms of trade. I wonder whether too much of public procurement is inept and incompetent because big government restrains the number of people who can bid for the work. That applies whether we are talking about big defence procurement contracts or the Warm Front scheme: it is the same story, the same pattern of corporate government constraining supply.

**Mr. Davidson:** Does the hon. Gentleman accept that in some circumstances of defence procurement, genuine competition actually means opening up to international competition? Is he arguing that British shipbuilding contracts, for example, should be opened up to builders from other countries? If so, that would certainly be opposed in my constituency.

**Mr. Carswell:** I am and always have been a staunch advocate of off-the-shelf defence procurement. I believe that we do not have a choice between spending on the building and supply of British equipment paid for by the British taxpayer in the UK or paying a little less by buying overseas—ultimately, it is a choice between whether we have the equipment or not. Too often we spend tax pounds on defence, which does not actually result in the equipment that our armed forces so desperately need. That is the price of protectionist procurement, and I am very much against it.

**Mr. Davidson:** When the hon. Gentleman says that he is against protectionist procurement, is he saying, as the Liberals said on one occasion, that aircraft carriers should have been built in the United States because they were cheaper there? Is that exactly what he is saying?

**Mr. Carswell:** I personally believe that we could get better bang for our buck if we spent more of the £34 billion that we spend on defence on buying the best equipment for our armed forces, sourced from wherever in the world. By buying protectionist equipment, we deny our armed forces the equipment they so desperately need in Afghanistan and Iraq. I have spoken in the House before about the high price I believe our armed forces pay for that. Protectionism may be in the interests of a few corporate suppliers and a few defence contractors, but it is not in the interest of taxpayers or, ultimately, of our armed forces.

**Mr. Leigh:** It is not just a choice between buying American and buying elsewhere. As we saw with the Chinooks, we can buying elsewhere, but what so often happens in the Ministry of Defence is that our own civil servants then gold-plate it. As a result, eight Chinooks have been sitting on the ground unused for eight years. We made the decision to buy American; let us buy off the shelf and get them flying.

**Mr. Caerwyn:** I thank my hon. Friend for that intervention. If people believe that the primary purpose of the British defence budget is to create jobs in Britain, I believe that they do a disservice to our armed forces, whom we ask to make such big sacrifices on our behalf.

I believe that in order to reform how the legislature does its job, it would be good if the Public Accounts Committee, and perhaps all Select Committees, had real power: power to censure and power to remove inept civil servants. To stay with the theme of defence procurement, if it had been possible for the PAC to recommend a P45 for the particular officials who oversaw the Chinook fiasco, I do not believe that it would have dragged on for so many years. For all the reports produced on the Chinook affair, I am not aware that a single civil servant has been fired, but I believe that some of them should have been.

Other legislatures—grown-up, proper legislatures, ones that are not in the pockets of the Executive—have Committees that do have the power to confirm appointments, the power to oversee budgets and the power to censure failure. I believe that we need to give Committees like the PAC and others the power to veto or ratify departmental budgets. If we did that, we would be able to do something about waste before it happened, not simply pass comment on it retrospectively. Until then, in the spirit of the television shows "Yes Minister" or "The Thick of It", officialdom, Sir Humphrey Appleby and the civil servants will continue to run the show, however inept. Ministers will continue to be little more than departmental mouthpieces, occasionally even apologists. The PAC will continue to fume, huff and puff. Unless and until the House has Select Committees with the power to oversee appointments and budgets in Whitehall, we will continue to produce excellent reports, but nothing will fundamentally change.

3.5 pm

**Mr. Ian Davidson** (Glasgow, South-West) (Lab/Co-op): The work of the Public Accounts Committee is immensely helpful and constructive, and we do a good job. I pay tribute to my colleagues on the Committee, who work conscientiously at their endeavours, led by the Chairman, the hon. Member for Gainsborough (Mr. Leigh). I want to make all the usual comments about how wonderful the staff are—blah, blah, blah. Everybody says these things. On occasion, we mean them. This is one of the occasions when, generally, we do.

Before going into a couple of particular issues, I want to raise some general points. First, we need to strike the difficult balance between holding the Government to account and making partisan attacks. It is entirely possible for us to ensure that we make criticisms of the Government and how the machinery works without lapsing over into simply using those criticisms to gain party political advantage. We have not always managed that, although it is all too easy for some to see any criticism whatever of the Government as partisan and something that ought to be opposed.

I am thinking of a colleague who was on the Committee, who took the view that any criticism of anything that had ever happened under this Government was a calumny, a foul slander and to be bitterly opposed. That Member was dealt with appropriately by the Whips Office when they were promoted, which presumably was the intention of their comments. That perhaps took things to an extreme, but it is possible to be extremist in the other direction. That means identifying every error in the Government procurement machinery as an opportunity to argue that the policy itself is invalid, inappropriate or incorrect. We must try to strike that balance.

**Angela Browning** *rose—*

**Mr. Davidson:** The hon. Lady was not the Member to whom I referred.

**Angela Browning:** I would hope not. For the record, does the hon. Gentleman include within such partisanship views on the royal household?

**Mr. Davidson:** I was going to restrict myself from that particular area. I do not take the view that attitudes to the royal household are a party political matter. While this is an immensely valuable opportunity for us to raise those matters of value for money—those who have been paying attention may have identified my views—I do not see the issue as central. This is just a bonus; it is like shooting fish in a barrel, like so many of the things that we do.

Coming back to the question of managing to give criticism where it is due without lapsing into partisan disputes, the Committee has, on balance, handled that very well. In particular, I pay tribute to Opposition Members, who could easily lapse into making that mistake, and to the Chairman, who has in general managed to avoid that difficulty.

However, we face genuine problems in how we present criticisms of the Government and the language that we use. Many of our arguments about how Government procurements or decisions have been progressed are quite complicated and in many ways quite dull. They do not provide a soundbite or a snippet, whether for the "Today" programme or something else. There is always a balance to be struck between being inflammatory to attract attention—if people do not do that, they do not get any coverage—and being worthy and boring, and therefore not achieving very much. I am not sure that we have always got that right. We need to continue to bear that in mind.

As well as examining the 27 million reports that we receive every week, the PAC gives us the opportunity to cover some other issues. One of my favourites has been referred to, and I am glad that it is a growing interest of some other Members, who obviously spot a dripping roast when they see one. I have also been particularly interested in the social origins of senior members of the civil service and other Government Departments. We all welcomed the information from the Ministry of Defence that the Army has the worst record in this regard, with about 90 per cent. of top generals coming from that narrow band of educational experience—public school, and mostly Oxbridge as well, if I remember correctly. Clearly, they do not reflect the society that they seek to defend. I have been pursuing that, and I want to make a couple of points.

The great success of the Jobcentre Plus office network roll-out has been mentioned. I do not have the date of the Committee hearing in front of me, but I asked:

"Can you give us a note about your top 20 staff, giving an indication of how many of them were in either public school or Oxbridge or both in order that we can compare it with other departments from whom we have had information?"

*[Mr. Davidson]*

The response came back:

"I have interpreted my Top 20 as my senior team at Director level...and my Customer Service Directors...who are responsible for operational delivery and the customer experience—a total of 23. Of these 23, only one was educated at Oxbridge."

Then she says that, none the less, he is okay; I am prepared to concede that on rare occasions that may well be the case. The point has been made that people who have come through a service have a much greater knowledge of it, and because they will be there for some time, are more likely to have a commitment to its ongoing success.

However, I also remember asking the permanent secretary to the Treasury the same question:

"May I ask how many of the top 20 officials in the Treasury are drawn from the same background as you of public school and Oxbridge?"

I also asked for a note. I got a note back, which is appended at the back of the document:

"The Treasury does not routinely hold this information for individual members of staff. Disclosure of this information is a matter for the individual concerned."

That raises two issues, which the Minister ought to take on board. First, why does the Treasury not produce such information when other Departments have been perfectly prepared to produce it? It seems to me that if the Treasury declines to produce the information, it must feel that it has something to hide.

Secondly, there is an issue about a permanent secretary giving a commitment to the Chairman of the Committee, and to its members, and not carrying it through. He said in the first line of his reply to my question:

"I am very happy to give you the information."

When a permanent secretary says that in front of us, we not unreasonably expect to receive the information. It does not seem acceptable to get a reply in writing that says:

"The Treasury does not routinely hold this information for individual members of staff. Disclosure of this information is a matter for the individual concerned."

I hope that that matter will be taken up and pursued.

**Dr. Pugh:** Is not the consequence that, presumably, the Treasury employs people whose educational qualifications it does not know?

**Mr. Davidson:** Like the hon. Gentleman, I have been canvassing, and sometimes it is difficult to know whether people are a "don't know" or a "won't say". Sometimes, when they do not tell us something, we do not know whether they do not know it or just refuse to tell. It is cause for concern when those at the Treasury tell us that they will tell us, and then refuse to tell us. They have generally been more open with us on these matters. Having made the point, however, I have no desire to make too much of it I suspect that I shall return to it only three or four more times during my speech.

Leaving aside the question of the Treasury's not replying to a question to which it swore that it would reply, I want to raise a number of other points. I remember receiving an astonishing response relating to the shared services centre being set up by the Department for Transport for the Department and its agencies. At the time when we investigated the matter, the establishment of the centre, which had originally been going to save us £57 million, was going to cost us £81 million. The Department told us that it would not actually cost us that amount, because it would take action to reduce the figure. No one was dismissed as a result; I believe that people moved on. The point has already been made about careers possibly being slightly blighted, but there was not the degree of accountability to which others have referred.

Another issue that interested me was the NHS pay modernisation scheme, when GPs' mouths were stuffed with gold. As the debate proceeded, what was increasingly noticeable was the contrast between the extent to which partners in general practices had hoovered up as much of the available money as they thought they could possibly get away with, and the amount that they were giving to their staff. If I remember correctly, the salaried GPs received 3 per cent. increases over a period of two years—although it may have been one—while some nurses' salaries actually fell. As far as I know, those facts were not picked up anywhere else in the system.

In the light of those examples, I have some sympathy with the views of the hon. Member for Harwich (Mr. Carswell) about the need to hold the Government to account. However, some of his statements have led me to conclude that he is a true zealot when it comes to open markets. I see that he takes that as a compliment, but I have not finished my point yet. He confessed that he would be perfectly happy to see shipyard orders going abroad and believed that all British defence orders should be opened up to international competition, notwithstanding the impact that that would have on jobs in the United Kingdom. His clear expression of that view gives us some understanding of why he speaks from the Back Benches rather than the Front Bench. I am quite sure that it is not the view that will be expressed shortly by the hon. Member for Hammersmith and Fulham (Mr. Hands), although I will happily give way to him if he wishes to assure us otherwise.

Answer came there none.

**Mr. Carswell:** Does the hon. Gentleman believe that protectionist procurement sometimes means that our soldiers in Afghanistan and Iraq do not have the equipment that they would otherwise have, and does he consider that acceptable?

**Mr. Davidson:** I do not believe that protectionist procurement necessarily leads to that result. All the evidence that we have received over a period in relation to urgent operational requirement contracting suggests that British defence industries can respond speedily in providing equipment when it is needed urgently by our forces in the front line, and when that has not been possible, the Government have always been perfectly willing to go abroad to pursue the very point that the hon. Gentleman has raised.

Let me give an example relating to ships, in which my constituency has an interest. I have no doubt that we would have been able to buy some of the ships that we have more cheaply had we bought them abroad, but that would have destroyed our capacity to purchase them in the United Kingdom in the future. There is always a balance to be struck between savings now and retaining capacity for the future, which is what the defence industrial strategy is all about—but I am happy to let the hon. Gentleman dig himself further into a hole.

**Mr. Carswell:** Does not the hon. Gentleman agree that one reason why there has been such a big increase in the use of urgent operational requirements to procure is precisely that the armed forces find that by procuring through urgent operational procurements they are free from any of the protectionist constraints inherent in the defence industrial strategy?

**Mr. Davidson:** No, that is not my view. Most of the urgent operational requirement contracts have arisen because the armed forces are in new environments and they discover that they have urgent operational requirements for particular pieces of equipment. They did not envisage having an urgent operational requirement for a piece of equipment until they found that they needed it, otherwise it would have been in the system already. I know from provision made from plants in my constituency that the forces have been genuinely astonished about what they found they needed, as they thought they had equipment that was entirely satisfactory. As I am sure we are all aware, the stuff that is necessary for fighting on the north German plain is not necessarily the same stuff that is needed for fighting in the mountains of Afghanistan; even some of the materiel that was necessary for Iraq is not adequate for Afghanistan. Therefore, it is changes of environment that produce urgent operational requirements; I would have thought that was blindingly obvious.

Let me return to the point about the hon. Gentleman being a zealot and joining the PAC as a member of the Tory Taliban. There is an issue to do with the extent to which Members sit on the Committee to paddle their own canoes and pursue their own private obsessions—the extent to which they are there to judge whether a Government decision was right in the first place—and the extent to which they are there to judge whether that decision, having been made, has been implemented correctly. It seems to me that the hon. Gentleman has got himself on the wrong side of that balance. It is not our job as PAC members to decide whether these contracts should have been thrown open to competition across the world; it is our job to decide, the Government having made such decisions, whether a contract has been implemented as speedily, accurately and well as it should have been. I look forward to the PAC Chairman ruling the hon. Gentleman out of order on a number of occasions in future, since the Chairman's predecessor did that often enough to me—in another direction, politically speaking.

I also want to raise the issue of culture—not the kind of culture that makes me reach for my revolver, but the culture of the Departments. That was most clearly expounded when we were discussing the management of expenditure in the Department for Environment, Food and Rural Affairs. It was revealed that the culture in some sections of the Department was always to assume that they would underspend, and that therefore they could over-order on the basis that there would then be a rough balancing-out. That is very much a case of amateur night, and is entirely indefensible. Should not the Treasury have been pursuing that, as I presume that it is the Department that supervises such matters—when it is not covering up whether or not it knows whom it employs and what their educational qualifications and social backgrounds are? Perhaps the PAC ought to return to such questions of culture in a more systematic way. I very much welcome the fact that the Chairman has been taking us down the road of undertaking thematic explorations, in particular in relation to project management. Once we have made more progress on that, we ought to pursue the issue of changing culture.

I shall now turn to the report, "Meeting needs? The Offenders' Learning and Skills Service". It was revealed that in some policy areas there is a lack of provision and of delivery of service. We ought to have some system of passing that on to the appropriate committee. It is not our job to pursue the extent to which there continues to be a low level of literacy and numeracy among prisoners, or the extent to which the Prison Service's need to move people around the estate means that their opportunities to learn are constantly disrupted. It is perhaps our job to identify that difficulty, but I am not quite clear what the mechanism then is for the concerns that we identify and express to be passed on to someone else, and for us to be sure that they are picking them up. Select Committees focus on major issues, and relatively small issues such as that might be swept up in an overall look at the Prison Service, for example, or at adult literacy. The question of the balance between moving prisoners around the system and the education and training opportunities that we offer them does not then get picked up on. I wonder whether the Chairman of the Committee could reflect on that and provide some possible solutions for the future.

Finally, I want to remind the House about our examination of the Revenue and Customs Prosecutions Office. We heard the long litany of what I regarded as exploitation of the system by barristers, who were clearly bleeding the system white. That reminds us that being involved with the private sector is not always a route toward enhanced efficiency. Some elements of the private sector are in many ways far more inefficient and self-serving, and far less controllable or demonstrably operating in the public interest than sections of the public sector. There is the assumption that says, "Private good, public bad". Anyone who looks at the way that barristers operate—simply gouging the public sector—cannot doubt for a moment that there is a very strong argument for such sections to be examined more fully by us.

**Angela Browning:** In that particular case, was not the problem that the department did not get the fees agreed with barristers in advance? Rather, it waited until afterwards, without any idea of what the bill was going to be. So although I agree with the hon. Gentleman that barristers made a lot of money out of that, at the heart of the report is the view that the department was at fault.

**Mr. Davidson:** I have some sympathy with that perspective, but it is a bit like saying that the foxes will always raid the hen coop and it is the farmer's fault if he does not fence in the chickens. If the premise is that barristers are generally thieves—that, given any opportunity, they will lift the silver, that they cannot be trusted to bill fairly, and that therefore it is the fault of the department in question if it has not nailed them down beforehand—then yes, that is fair. It is the attitude that I have always taken when we deal with farmers. As people will be aware—

**Mr. Leigh** *rose—*

**Mr. Davidson:** Ah—the Chairman wants to intervene.

**Mr. Leigh:** If barristers are generally thieves, then I am a very poor thief.

**Mr. Davidson:** I have nothing to add to that point.

Farmers, as we are well aware, are rapacious and will take anything that is not nailed down, so it is absolutely correct that to some extent, it is the fault of Government if they ever allow them to get away with the money. However, I cannot help but think that we ought to be blaming those who try to commit the theft, rather than those who have perhaps inadequately prevented them from doing it.

I have, as ever, enjoyed my time on the Public Accounts Committee. If only I did not have constituents, I could spend much more time looking after its affairs, and I look forward to continuing under the chairmanship of my esteemed colleague.

3.29 pm

**Mr. Richard Bacon** (South Norfolk) (Con): It is a great pleasure to follow the hon. Member for Glasgow, South-West (Mr. Davidson), who is one of the most fearless of our interrogators, and sometimes one of the funniest of our members. I regret that the name of his constituency changed from Glasgow, Pollok to Glasgow, South-West because we always liked saying Glasgow, Pollok. I know little about his constituency except that I am fairly sure he has very few barristers as constituents—

**Angela Browning:** Or farmers.

**Mr. Bacon:** And very few farmers—

**Mr. Leigh:** Or members of the royal family.

**Mr. Bacon:** Indeed. The hon. Member for Glasgow, South-West did not actually say just now that all farmers are thieves, but I have heard him say that before; and he did say on the record that barristers are thieves.

The hon. Gentleman also said that the right balance had to be struck between talking about reports to the Committee in a way that was not too party political and getting enough attention paid to the issue. It is something I am aware of every time I broadcast on the Committee's work. If I am being critical, I try to be critical of the Department concerned. The hon. Gentleman used the word "dull", and one tries to make comments sound non-party political. I go out of my way to avoid ever using the phrase "the Labour party" when I am broadcasting about Committee matters, because that would simply be inappropriate. Were there to be a change of Government at some point, which is possible, I hope that the same thing would apply if the hon. Gentleman were broadcasting in that way as an Opposition Member.

In the same spirit, there might be occasions when the hon. Gentleman should think about tempering his words. I represent a lot of farmers, and they are not all rapacious. He will remember the National Audit Office report, and our Committee report, on the case of Joseph Bowden. He was a farmer claiming money under the arable area payments scheme and the fibre flax scheme for territories—I use that word advisedly—that on closer examination, when one used the entire grid reference rather than part of it, which is all the form had required him to fill in, turned out in one case to be in the North sea between Scotland and Denmark and, in another, to be on the mainland of Greenland. That fraud was brought to the attention of the authorities, not because of the diligence of the Ministry of Agriculture, Fisheries and Food, as it then was, but because of another farmer who realised what was going on and thought that something was odd.

I also regret that the Committee only narrowly failed to pass a resolution when we had the Duke of Westminster in front of us, as the Assistant Chief of Defence Staff, requiring the hon. Member for Glasgow, South-West to address him as "Your grace" each time he spoke to him, but that is, unfortunately, now water under the bridge.

I wondered which of the various reports I should focus on. I started the day reeling under the impact of the National Offender Management Service information system report published by the NAO. Although that report is outside the scope of this debate, as we have not even had a hearing on it, many of its themes are relevant not only to the reports before us today, but to the Committee's work in general. The National Audit Office, together with the Office of Government Commerce, agreed in 2002 a list of eight of the most common causes of project failure. The first was the lack of a clear link between the project—whatever it was—and the organisation's key strategic priorities, including agreed measures of success. The second was a lack of clear senior management and ministerial ownership and leadership—we certainly saw that in the case of the Rural Payments Agency, and in that of the shared services report from the Department for Transport. The third was a lack of effective engagement with stakeholders—we have seen that in many reports. The fourth was a lack of skills and a proven approach to project management and risk management. The fifth was too little attention to breaking down the development and implementation of projects into manageable steps. The sixth was that the evolution of proposals were driven by the initial price, rather than by considerations of longer-term value for money, especially the delivery of business benefits. The seventh was a lack of understanding of and contact with the supply industry at senior levels of the organisation, and the eighth was a lack of an effective project team working with the clients, supply team and supply chain.

The report published this morning happened to touch on almost all those factors, in full or in part, but they are common themes we see again and again in different reports. One thing that I hope the Minister will find time to do is to address the role of the Office of Government Commerce in scrutinising and challenging the management of Government projects and in ensuring that Departments are steering projects properly, because I do not think that there is nearly enough evidence to convince us that the system is working properly. The OGC gives advice, for sure, but time and again that advice is put to one side or ignored.

The Minister will know that applications to the fast track of the civil service are up 30 per cent., which is good news for the civil service. It is unsurprising that that should be the case in these straitened financial times. It gives the civil service a better choice from among those talented graduates, and that is good news. However, I want to know what the civil service is doing at the centre to ensure that the principles of project management and risk management—all the things that

the hon. Member for Glasgow, South-West described as being seen to be rather dull in some cases, but which are incredibly important for the successful delivery of projects—are tattooed on the eyelids of new entrants to the civil service so that they understand as they join that effective project management and focusing on outcomes are important from that moment on. They need to understand that the civil service is not only about policy advice but, as the Committee Chairman said earlier, about successfully delivering projects. I would be grateful for the Minister's comments on that.

Our report on the roll-out of Jobcentre Plus speaks on that theme. As was mentioned earlier, the key staff included Mrs. Lesley Strathie, who is now chief executive of HMRC and who started as a clerical assistant in 1974. I was very pleased, as it was a point that I made in the Committee, that one of the recommendations of our report noted the need to focus on the fact that key leadership roles should be taken by people with significant front-line experience who had started at the bottom. The three witnesses had a total of 112 years of experience between them, and because they had started at the bottom, as the poor bloody infantry, they were going to ensure that no project was imposed in a way that could not work at grass-roots level. That was welcome.

That goes back to the Fulton report and the way its proposals were eventually defeated by William Armstrong, who was then head of the civil service, ensuring that the generalist stream of the civil service remained on top. That has been a 30 or 40-year failure across successive Governments, and I would be interested to hear the Minister's comments on it. I think we are now getting a little more expertise. I always read the CVs of our witnesses, and more and more of them come from the private sector, or have at least some private sector background, which is interesting. They also seem to have genuine expertise in the subject that they are appearing before us to discuss. That is most welcome, but I would like to know what that says about fast-track entry and how it will be integrated into the recruitment process for the future.

I also wanted to make a point about the report on the Revenue and Customs Prosecutions Office. David Green, QC, was hired to be director of the prosecutions office, not because he had management experience or knew how to run a budget or how to procure and deliver an IT system, but because he was one of the leading criminal barristers in this country specialising in Revenue work. That was an ideal background for somebody to become director of the Revenue and Customs prosecutions office. He is a leading silk in his area, but that does not mean that the Treasury or civil service, in giving him the responsibilities of an accounting officer, which include ensuring that there is probity in the use of public money and that the proper systems are in place, can assume that a man who is extremely talented in his field will have the requisite expertise in what one might call general management. I asked Mr. Green whether he was familiar with the Treasury document on the responsibilities of an accounting officer, and he said that he had been given it and that he had been on a training course. I asked how long the training course had lasted, and he said, "Half a day."

I think I am right in saying that the Treasury minute in response to the report acknowledges that more must be done for people from different backgrounds who come in as accounting officers. I am glad that that recommendation has been made, although it is slightly worrying that it was necessary. Perhaps it is a consequence of the fact that more people from different backgrounds are coming in from outside the civil service, but it is something that it is important to bear in mind.

Finally, I want to focus on the comments made by the hon. Member for Great Grimsby (Mr. Mitchell) about the use of consultants. A lot of flannel is talked about this subject. I have an interest, in that many years ago—in the mid-1990s, when there was a Conservative Government—I was employed for two years by the trade body representing the consulting industry. I remember someone who worked for one of our member firms saying that he was looking forward to a Labour Government being elected, because that would mean more work for consultants. I asked why that would be, and was told that consultants always get more work whenever there is change. Of course, there has been a great deal more work for consultants since then.

The public sector needs to be very careful about when it uses consultants. Of course, consultants have been used for a variety of purposes in many of the reports before us. We should not dismiss the possibility of using them, but nor should we assume that we must use them.

There are three classic reasons for using consultants—first, because they have an expertise unavailable elsewhere: secondly, because a temporary shortage needs to be filled on an interim basis; and thirdly, because an independent view is required. Those three reasons always apply in the commercial or private sector, but in the public sector one would hope that the independent view came more often from the civil service. However, the knee-jerk tendency that emerged under the previous Conservative Government, and which has continued under this Government, is to reach for consultants. That is because they provide an external and apparently independent endorsement of something that Ministers do not have the confidence to take forward solely on the basis of civil service advice.

Ministers use consultants for another reason—doing so allows them to say publicly, "Well, this is what KPMG has said," as though what KPMG says were a mantra that cannot be disproved. We must be very careful about that, but we must also recognise that there are plenty of occasions—and I mentioned the building of motorways—when one would want to employ someone on a temporary rather than permanent basis. When we do that, however, we must make sure that the proper skills are transferred.

Although I do not go quite as far as my Taliban Friend the hon. Member for Harwich (Mr. Carswell) in the use of ideological language about the corporate state, I have a sneaking sympathy for some of what he said about the use of big firms.

I met representatives of Microsoft this morning. It is a very big firm, but I was surprised and interested to hear that its representatives were worried about the failure of the public sector to hire small and medium-sized enterprises, especially in the IT sector. Because of what it does and supplies, Microsoft gets a lot of business from small and medium-sized entrepreneurial companies that use their products to develop other things for the public sector.

*[Mr. Bacon]*

One point made to me was that the Government are not very good at using SMEs, especially in the IT area, even though they may have fantastic products offering technically advanced solutions and often very good value for money. I know that the Government are aware of that, and I should be interested to hear the Minister's comments on what more can be done.

I fully accept that there may not always be an alternative to using a big consultancy firm like KPMG or PricewaterhouseCoopers to deliver a big project, and projects set up by the Department for Work and Pensions would be a classic example of that. In the negotiations that have to take place, a big company can tell the Government that it is able to put 1,000 people on the project, with the result that civil servants are reassured that it has the necessary clout.

However, it seems to me—and this is where I have some sympathy with my hon. Friend the Member for Harwich—that the other side of the coin is that the big firm has 1,000 people on its payroll whom it has to put on a job somewhere. There is almost a kind of oligopoly at work, and if we are not careful it can shut out the smaller and more agile suppliers that may be able to provide taxpayers with much better value for money.

**Angela Eagle:** I hope that the hon. Gentleman recognises that the Government have accepted all the recommendations in the Glover report, which was published at the time of the last Budget. They are well on the way to being put into effect, and we hope that all of them will be adopted by the beginning of next year. That should make access to the large amounts of Government procurement that arise every year much easier and simpler for SMEs.

**Mr. Bacon:** I am grateful to the Minister for that intervention; it is good that she has put that on the record. Of course, the Government are aware of the problem, but a series of steps needs to be taken between being aware of the problem and ensuring that it is solved on the ground.

**Dr. Pugh:** The hon. Gentleman mentioned Microsoft. He will be aware of course that, in the Building Schools for the Future programme, small to medium-sized enterprises—IT companies—had grave difficulty getting a look in, whereas Microsoft has got its feet well under the table. So I hope that he will not take its protestations too seriously.

**Mr. Bacon:** When anyone comes to see us, we naturally think that they will have a vested interest. I am reminded of the diaries of the hon. Member for Sunderland, South (Mr. Mullin), which were published yesterday and in which he said that one of his first steps was to see no vested interests of any kind when he became a junior Minister. That did not last. Richard Branson wrote to the Prime Minister and was passed on to the Foreign Secretary, and when the issue was finally passed to the hon. Member for Sunderland, South, he felt unable to say no to meeting Mr. Branson.

Of course, the hon. Member for Southport (Dr. Pugh) is right. All companies have their own commercial interests, and it is quite right that they do their best to protect them. He mentioned Building Schools for the Future, which raises another issue about consultancy, on which I will finish. We had that hearing only a few months ago, so the issue is not yet before us in a Treasury minute. The average salary of the employees of Building Schools for the Future is £85,000, which is pretty high. It has 111 employees. Hon. Members might think that the reason why they have high salaries—indeed, this is the reason given—is that they are all specialists and therefore such salaries are needed to attract them.

The permanent secretary said that there is a market in such things. Perhaps he is right—one assumes that he is—but people might assume that, if there were a lot of in-house expertise, consultants would not be used so much. Yet since that body has been established, it has spent nearly £6 million on consultancy. In the past year alone, it has spent £750,000 on consultants and, when asked about that, those involved said, "Oh, that's mostly for lawyers." Why are the schemes so complex that people cannot bid for them without enormously thick contracts? The average cost of bidding for a Building Schools for the Future contract is about £1 million, which, admittedly, is a lot less than the cost of bidding for a PFI hospital, at £11 million, but that goes back to the point about oligopoly—people are possibly being shut out, and the Government, on behalf of taxpayers, must always be aware of that.

**Alan Duncan** (Rutland and Melton) (Con): On a point of order, Mr. Deputy Speaker. May I invite you to advise the House on the fact that one of the written statements listed on the Order Paper is on Ministers' interests and that, whereas all other written statements are available in the Library, the one on Ministers' interests is not, yet it is all over the *Evening Standard*? Why is it that the Government, saying that there will be written statements, are prepared to brief the press but not to tell the House, as the Order Paper suggests they should?

**Mr. Deputy Speaker (Sir Alan Haselhurst):** I was unaware of that situation until the hon. Gentleman raised it, so I cannot afford him an instant explanation, but it would certainly be usual for all written ministerial statements to be placed in the Library. I can only imagine therefore that there has been a slip-up on this occasion, which has been put on the record, and I hope that it will corrected at the earliest possible moment.

3.48 pm

**Mr. Greg Hands** (Hammersmith and Fulham) (Con): It is a great pleasure to respond to this afternoon's debate, which has been of extremely high quality, and to pay tribute to the work of the Public Accounts Committee and its scrutiny of public finances. The debate has provided ample evidence of the value of that work, which is spread across a pretty dauntingly wide field, as shown by the reports. It has also provided an opportunity to hear from its estimable Chairman—my hon. Friend the Member for Gainsborough (Mr. Leigh)—whose opening remarks provided an impressive analysis of the lessons to be learned from the reports.

Let us be in no doubt about the value of our Public Accounts Committee. Indeed, it has become a model for many other Parliaments that follow the British system. I have visited in recent years the legislatures of countries such as Nigeria and Ghana, both of which are

very proud of their public accounts committees. Many Commonwealth countries have sought to adapt their parliamentary systems over time. Nigeria, for example, has moved to a presidential model, with a Senate and a House, and Ghana has introduced primary elections and a President. However, both proudly retained their public accounts committees. In the Nigerian Senate, the public accounts committee there ranks after only a very busy ethics committee.

When I was in Ghana last month, I gave a training course to the excellent centre-right party, the New Patriotic party, which has just entered opposition after eight years in government. Ghana is now setting the pace for Africa, having made a second transition from one democratically elected Government to another. During my training course, I asked the assembled new MPs whether they could list the benefits of being in opposition, and one of the very first responses was, "Now at least we control the public accounts committee." That goes to show to what extent our Westminster Committee has provided the model for many public accounts committees across the world. It is the model for similar committees in Canada, India, Hong Kong and other countries.

In his speech, my hon. Friend the Member for Gainsborough set the debate in its proper context. The Government's fiscal position is precarious and worsening. It is imperative that we find better and more efficient ways to provide public services if, as he said, the expectations of those who fund and use them are to be met. I noted with interest his appeal for revolution. He may not think of himself as a predictable revolutionary, but I can think of few more agreeable companions on the barricades come the reforms ahead. He was right to acknowledge that some good work is already being done by the Government on some of the issues that have been raised, if not nearly enough and not always at the pace that we would like.

There is a danger in these debates—and, I am sure, in the work of the Committee—that we focus only on the bad practice that emerges from the pages of the Committee's reports, and ignore achievements and progress; that point was well made by the hon. Member for Glasgow, South-West (Mr. Davidson). He was right to say that Committee members should not be afraid to hold the Government to account; that is different from making a partisan attack. That sums up the attitude of the Committee. If I may say so, the Select Committee on which I sit—the European Scrutiny Committee, which is ably chaired by the hon. Member for Linlithgow and East Falkirk (Michael Connarty)—follows a similar approach. The Committee's criticism and probing is not necessarily taken as a partisan attack.

My hon. Friend the Member for Tiverton and Honiton (Angela Browning) drew on her experience as a Minister and a member of the Public Accounts Committee in highlighting how slow and complex decision making can be in government. She urged that at the very beginning of the process, particularly for some contracts, someone should ask, "Is this value for money?" That is extremely important.

My hon. Friend the Member for Harwich (Mr. Carswell) made a characteristically radical and questioning speech. It questioned both Government procedures and the workings of the Public Accounts Committee. I expect him to call, before too long, for a value-for-money study of the Public Accounts Committee itself, such is his dedication to small government.

My hon. Friend the Member for South Norfolk (Mr. Bacon) followed a more thematic approach, and notably considered the role of the Office of Government Commerce in steering projects through once they are approved. Again, he focused on IT projects and the Government's pretty poor record in delivering on them.

One particular theme that emerges from the debate is that Government Departments need to elevate purpose over process. Too often, the best way to achieve a result is left unexamined, and talented people are forced to muddle on in the way that the departmental bureaucracy prescribes. That is not efficient, and it does not give value for taxpayers' money. The lesson of the Committee's work is that there is far more value to be had for our money than we are getting at present.

I should like to mention individual reports. I hope that I will be forgiven for turning first to those that relate directly to the work of the Treasury. One of them is "Managing financial resources to deliver better public services"; it is one of those slightly vague-sounding titles, but I found it particularly fascinating. I thought it staggering that 60 per cent. of Departments do not automatically include a full financial appraisal when producing policy proposals for Ministers and board members. Worse, as other hon. Members have mentioned, only 20 per cent. of Departments produced a thorough assessment of the financial implications of a policy at the time when Ministers are asked to take a decision. The Committee report is surely right to suggest that that should be obligatory if Ministers and board members are to assess value for money. I am pleased that the Government have accepted that recommendation.

We also learn that half of all boards are not getting information in a form that they can use. The Government indicate only that joint financial and performance information will be provided to "a greater extent". I shall be interested to hear the Minister expand on that point in her response to the debate.

Despite resource management improving, it is troubling that so many Departments are not getting proper value out of their balance sheets, and that 19 per cent. rate themselves as very weak in that area. The Government need to do more to ensure that failing programmes are not allowed to stagger on consuming funds, but are wound up promptly and efficiently instead.

I congratulate my hon. Friend the Member for Gainsborough on a notable success that the Committee has had under his chairmanship. I refer to his campaign to make sure that all finance directors are financially qualified. I understand that fewer than half had a relevant qualification when he began raising the issue five years ago, but that now we are approaching 100 per cent. That is robust common sense, and I hope the Committee has equal success with its recommendations for adequate financial training for other staff as well.

When it comes to managing financial resources to deliver better public services, the Government could learn an awful lot from best practice elsewhere, and perhaps they are already doing so. A few weeks ago, the Minister for Local Government came to see me and Hammersmith and Fulham council in our town hall to learn more about how the council manages its finances.

The House will know that the council has cut its council tax take by 3 per cent. in each of three years, providing an average saving of £700 per resident, compared

*[Mr. Greg Hands]*

with the situation that would have pertained if the council had continued increasing the tax take at the same rate that it inherited. What the House might not know is that the council has managed to reduce its work force by some 18 per cent. in three years through efficient management and the contracting out of services. I do not believe that a single employee has been sacked, other than a set of political advisers. I am sure that if the PAC were constitutionally able to do so, it would benefit from receiving the same presentation, as would Treasury Ministers.

At the same time, the Audit Commission has increased the rating for my council's services to a maximum 4 stars in its comprehensive performance assessment, and resident satisfaction with council services has increased from 53 per cent. to 64 per cent. in just two years. That shows that it is perfectly possible to get more while spending less.

On the subject of PFI projects, the ground has, of course, shifted somewhat since the Public Accounts Committee produced its recommendations, given the Government bail-out of projects in recent weeks. I am not sure whether I understood the points made by the hon. Member for Great Grimsby (Mr. Mitchell) when he described PFI as outdoor relief for capitalism. A number of Committee members made various points about the report, including the Chairman about the lack of financial expertise on PFI projects and the ongoing discipline in monitoring the deal during the life of the project, which is so necessary.

With reference to the Committee's excellent report, I was particularly struck by the number of projects that were not subject to competitive tendering. Only 29 per cent. of the projects worth more than £100,000 were tendered, and I would be interested to hear in the Government's response whether and how they will seek to raise that percentage.

A number of Members mentioned the report on DEFRA. I found the lack of expenditure controls in DEFRA pretty frightening. The point was mentioned by the Chairman and by the hon. Members for Great Grimsby and for Glasgow, South-West. The findings were that the Department had poor contingency planning and an absence of a culture of tight financial management. Moreover, the Department has had budget problems for two years running, and little seems to have been rectified since the 2006-07 budget outturn. The Committee also pointed to an unwillingness to tackle budgetary problems within the Department's management board. This is pretty damning stuff, and again I would welcome the Minister's comments on whether DEFRA has corrected those faults.

On the Jobcentre Plus network report, all hon. Members have been affected by the closure programme. Many of us, like the hon. Member for Great Grimsby, initially found it odd that the Government decided to close half of the country's jobcentres at a time of rising unemployment. The national claimant count in January was some 1.97 million, up 483,000 on the year before. The claimant count in my constituency has risen as fast as the national average, even though I already represented more unemployed people than any other Conservative MP. Locally, the number of claimants has risen from 1,974 to 2,572—up 30 per cent. in just one year.

As highlighted by the Chairman and my hon. Friend the Member for South Norfolk (Mr. Bacon), the Committee has shown its worth on the restructuring of the Jobcentre Plus network by giving praise where praise is due. It seems that the whole project is delivering savings of about £135 million a year, although its break-even point will not be reached until 2012-13. Nevertheless, I would welcome from the Minister her views on the lessons to be learned from the positive aspects of the project and how they might be applied to other rationalisations in future.

The final report that I wanted to highlight is about shared services in transport. That has made for less happy reading. The Chairman said that it was one of the worst cases of project management that he had ever seen. He highlighted its almost comical failings, one being that the new IT system started to communicate in German. Although it is a transport project with German content, it did not offer us any kind of Vorsprung durch Technik—a point also highlighted by the hon. Member for Glasgow, South-West. The project has been a monumental failure at a cost of £80 million. Nearly a year after the scheme was supposed to be operational, it is still not functioning properly. The £80 million wasted could have made a nice starting contribution towards building a high-speed rail network, for example. I know that that would be welcomed by my constituents, among many others.

To conclude, as my hon. Friend the Member for Gainsborough said, the Committee is looking for more bang for the buck. Especially given our massive public deficit—£100 billion or more, and rising—we desperately need more careful control over our public finances. My hon. Friend said that we must be vigilant in guarding against waste, that spending taxpayers' money is what Governments do—probably never more so than under this Government—and that spending money is the easiest thing in the world, but getting something practical for it is harder.

I congratulate the Public Accounts Committee and look forward to reading and commenting on, and perhaps even responding to, its reports in the future.

4.2 pm

**The Exchequer Secretary to the Treasury (Angela Eagle):** It is a pleasure to respond to what has been, in the tradition of the debates that we have here, a wide-ranging, extremely interesting and beneficial debate on the important work of the Public Accounts Committee.

I was surprised to hear the hon. Member for Gainsborough (Mr. Leigh) compared to Marie Antoinette; I would not have thought of her, if somebody had asked me to think of the historical figure of whom the hon. Gentleman most reminds me—I am trying to get the picture of him in a beautiful ball-gown out of my head. On beautiful ball-gowns, I noted a little item in the newspapers recently about the hon. Gentleman's trip to the Republican national convention. Following Sarah Palin's inaugural address ahead of her run for the US vice-presidency, the hon. Gentleman wrote in his journal that he felt absolutely reinvigorated by what she had said and that he was looking forward to a positive response to his invitation to her to address the Cornerstone group, but it looks as though he has been disappointed. Perhaps he can call yet another Public Accounts Committee meeting to cover his disappointment at her non-arrival.

The hon. Gentleman made a number of points, one of which I shall turn to soon, but first it is important to acknowledge the broad range and wide diversity of the subjects that he and his Committee members cover. Hon. Members of both parties have been quick to draw systemic lessons from some of the failures that have occurred in the use of public money. However, it is increasingly welcome that Committee members are willing to congratulate Departments that do a good job and produce something worth while, along with producing the more traditional—in some ways perhaps more enjoyable—reports that demonstrate where things have gone badly wrong.

In the battle to get maximum value out of public money, we all share the same aim. It is important that we highlight and reward good practice in debates such as this as well as pointing out where things have gone wrong. That gives Departments a much greater incentive to do well and makes them more likely to try new things without being too defensive in the battle to get value for public money.

On the Committee's 57th report, the hon. Gentleman and many other Members asked whether any officials had suffered any detriment as a result of what happened in the shared services project and the propensity of the IT to converse in German. I understand that some officials were dismissed. Hon. Members expressed doubt that that happened, but I will ask the appropriate Minister to write in more detail about the aftermath of the pretty sorry tale covered by the 57th report.

My hon. Friend the Member for Great Grimsby (Mr. Mitchell) made a characteristically enjoyable speech. He ran through a range of issues, including the current matter of the Valuation Office Agency and its port ratings. He made a rather overblown—and, he admitted, personal—estimate of £70 billion as the amount of consultants' fees paid. I was happy to tell him that the figure actually fell by 31 per cent. to £903 million of Government spend this year.

The hon. Member for South Norfolk (Mr. Bacon) commented, as an ex-consultant, that not all consultancy spending is bad and that some of it can in fact be very productive. He made the accurate comment that consultants are sometimes engaged out of confidence and a well focused approach to procurement and project management, and sometimes as a crutch to shore up confidence in a rather false way. It is important that we continue to make progress on the use of consultants and ensure that they are used appropriately and because they are needed.

The Office of Government Commerce has established a consultancy value programme, which is a cross-departmental, collaborative programme aimed at deriving greater value from our use of consultants. We have also implemented the recommendations of the National Audit Office and the Committee on the matter. That is one of the ways in which we have managed to achieve that 31 per cent. decline in consultancy spend. I trust and believe that because we have developed a standardised business case process, those approving consultancy spend can be assured that it is adding value. We have also introduced schemes such as skills transfer to ensure that there is not an unhealthy reliance on the expertise of consultants. I therefore feel that we are in a much better situation in that regard than we were a few years ago.

**Mr. Hands:** The Exchequer Secretary has mentioned 31 per cent. twice. Does that represent a decrease from a recent high or a decline over the course of the Government's tenure? Expenditure on consultants has dramatically increased since 1997.[1]

**Angela Eagle:** The figure relates to the last Public Accounts Committee and National Audit Office report on the matter, which was published in 2001-02. I make that clear so that hon. Members are not under the wrong impression.

**Mr. Bacon:** The organisation that we are considering—namely, UK Government—spends £600 billion in total. Of that, they spend £2.5 billion to £3 billion—0.5 per cent.—on consultancy, which is less than many private organisations and certainly less than FTSE 100 companies. They probably spend considerably more than 0.5 per cent. on what one might call outside help. We should stop banging on about consultancy in an ill-informed way and try to analyse some of the problems with the management, procurement and purchasing of consultancy to ensure that what is bought is worth while, and that, if it is not worth while, we do not buy it.

**Angela Eagle:** I am not going to argue for more consultants from the Dispatch Box, but we should use consultancy services in government, when appropriate, and ensure that, if we use them, we get the best value from them and that they are not used as a sort of prop to allay individual project directors' worries about whether they are doing the right thing. That is all we can do from the centre, and, to be fair, the consultancy value programme, which is driven by the Office of Government Commerce, has been doing that. I hope that that will create a position whereby we can be much more confident that consultancy spend is undertaken for the right reasons.

Some of the hysterical media coverage that we get, which assumes that any amount of consultancy spend is wrong and a waste of money, is not helpful in fostering circumstances in which those responsible for introducing consultancy work feel that they can do it without being subject to public criticism. For example, the recent screaming and inaccurate headlines in the *Daily Mail* about £7 billion a year spent on consultancy firms were unhelpful. I therefore agree with the comments of the hon. Member for South Norfolk about the matter.

A theme of the debates is that the Committee's considered recommendations about procurement, project management and delays in introducing IT systems have not been implemented and that, consequently, Departments repeat the same mistakes. My right hon. Friend the Member for Islwyn (Mr. Touhig) made that point with some frustration in an intervention, and the hon. Member for Tiverton and Honiton (Angela Browning) returned to the matter more than once in her contribution. It is a source of frustration to anyone who has been involved in that aspect of parliamentary scrutiny, including me as a member of the PAC when in opposition and now on the Treasury Bench. There must be a way in which to ensure that best practice is spread more effectively and appropriate lessons are learned. Again, that is a matter of training, as the hon. Lady pointed out.

The hon. Lady also asked about skills training for the civil service. The civil service has the "Professional Skills for Government" programme, which gives high

1. *[Official Report, 1 April 2009, Vol. 490, c. 8MC.]*

*[Angela Eagle]*

quality training and is tailored, when appropriate, to provide procurement and project management skills to ensure the availability of the skills needed to deliver good value for money for public services. Again, the hon. Member for South Norfolk made similar comments, which I endorse.

On good practice, I was pleased to read the Committee's report on prison procurement, which was published only two days ago. The report demonstrated that the Prison Service has managed to implement a new strategy for procurement following a critical report from the Committee in 2003. The service has introduced a centralised and professionalised procurement team supported by five regional procurement teams in a new information technology system that was successfully phased in and that worked when it was turned on. As far I can tell, the system did not communicate in German or any other language apart from English.

As a direct result of the Prison Service responding to the Committee's wide-ranging representations, the quality of goods and services procured has improved and £120 million in cash has been saved over five years. I welcome the praise that the hon. Member for Gainsborough lavished on that example of successful change management. He is often on the radio criticising, and quite rightly, but it is important that he also gives praise where praise is due, and in this instance it certainly is due. I understand that the Prison Service procurement model is to be used throughout the Ministry of Justice, with the prospect of further savings. It is precisely that kind of positive approach and successful implementation that we want to spread throughout government at all levels.

That news also comes on the back of the positive report on Jobcentre Plus. That report was much commented on by my hon. Friends and by Opposition Members, particularly with respect to the observation that those who were responsible for implementing the successful changes in Jobcentre Plus had behind them a lot of operational experience at the front line, which they brought to bear on the decisions that they made. That observation should not go unnoticed by senior managers in the civil service as they contemplate what works and what is likely to increase the chances of success in any change project.

**Mr. Bacon:** I am delighted to hear the Minister say that that observation should not go unnoticed by senior managers. What will the Treasury and the Cabinet Office do at the centre to ensure both that notice is taken of it across the service and that active steps are taken to spot people with talent who have not come up through the fast-stream route?

**Angela Eagle:** I agree that that is precisely what needs to happen. At the suggestion of hon. Members at the previous occasion when we held this debate, I agreed to write to every permanent secretary asking them to look at the Committee's report on Jobcentre Plus and act accordingly. That is the kind of thing that I can do as a Minister who is not directly responsible for day-to-day management decisions in a Department. I also know that there is a great deal of awareness at the permanent secretary level of the success that has been enjoyed in this instance.

I want to respond to the questions that the hon. Member for Southport (Dr. Pugh) asked about the out-of-hours contract and the Hegelian dialectic. We had revolution from the hon. Member for Gainsborough and an Hegelian synthesis from the hon. Member for Southport. As always, this is an interesting time to debate the Public Accounts Committee's reports, and we are even adding a dash of philosophy just to keep ourselves more interested. The hon. Gentleman asked about the out-of-hours contract. He is right that the new contract initially pushed up GPs' pay, but since then costs have been held back to achieve compensatory savings. More importantly, Health Ministers now have much better control of doctors' pay. They commission services and get what they pay for, which is value for public money. Despite a wobbly start, the overall impact of the changes has been positive, now that there have been further shifts.

I welcome the hon. Member for Harwich (Mr. Carswell) as a new member of the Committee. He has been called a zealot by my hon. Friend the Member for Glasgow, South-West (Mr. Davidson). The hon. Member for Harwich expresses himself with a great deal of ideological certainty and belief. I am sure there will be many vigorous debates and moments of conflict and clash on a Committee that is not usually known for that kind of approach. I know that the hon. Gentleman will enjoy his time on the Public Accounts Committee, as those of us who have been fortunate enough to serve on it in the past inevitably do. I welcome him for the first time to these debates and I certainly hope that it will not be the last time he contributes to our debates as provocatively as he wishes to.

My hon. Friend the Member for Glasgow, South-West commented on the number of senior Treasury civil servants who have Oxbridge and public school backgrounds. I have to admit that I do not know the answer. I was interested in what my hon. Friend had to say about it and I will look further into the responses he received to his letter and see whether we can get him a more forthcoming one. *[Interruption.]* I was just about to say that it should not be assumed that just because my hon. Friend the Member for Glasgow, South-West has a particular view of people with public school or indeed Oxbridge backgrounds, there must be something wrong with those people. Speaking as an ex-member of St. John's college, Oxford—actually, I am sure that one is a member of St. John's for life—I certainly have many happy memories of it. *[Interruption.]* Yes, I am sure that the hon. Member for Rutland and Melton (Alan Duncan) does, too, but perhaps the less said about that the better!

My hon. Friend the Member for Glasgow, South-West raised two further points. He asked about the 40th report, which is on the management of expenditure by the Department for Environment, Food and Rural Affairs. I hope I can reassure my hon. Friend that since the report was published, we have seen systematic monthly reporting of the Department's financial position to the management board and a new system of portfolio management through senior responsible owners of programmes. There is a refreshed financial management improvement project, which is delivering more effective and focused financial management across DEFRA, including of relationships with the delivery agents. Many might think that that should have been in place as a matter of course, but we can at least be relieved that it is in place now.

My hon. Friend also asked about the report on the Revenue and Customs Prosecutions Office. He is right that the system as described was open to exploitation. He did not complete the story, however, as the accounting officer has instituted a new system of control and achieved enormous improvements in efficiency in respect of public spending since that difficult start, which the hon. Member for Tiverton and Honiton also mentioned.

The hon. Member for South Norfolk asked about the Fulton report and the appropriate balance between generalist and operational effectiveness and experience in the civil service. I suspect that this is a slightly less class-confrontational way of getting at the same issue raised by my hon. Friend the Member for Glasgow, South-West in his efforts to find out the educational background and experience of top-flight civil servants. As change management and the experience of delivering change in already complex existing organisations goes higher up the scale in terms of the Government's requirements, it becomes increasingly important for senior civil servants responsible for managing Departments in new and fresher ways to look into this balance. The hon. Member for South Norfolk has hit on an issue that ought to be thought about a great deal more than perhaps it has been. Settlements such as Fulton and Northcote-Trevelyan—which is another, even older one—still influence the civil service. We need to look at all those things in the light of the 21st century, rather than the 19th. He makes perfectly reasonable observations.

I want to say a few things about some of the more technical issues that have been mentioned, perhaps in passing. I am happy to announce that the last piece of the jigsaw in the Government implementing our response to Lord Sharman's report on audit and accountability in central Government is now in place. Hon. Members will be aware that, until recently, the Comptroller and Auditor General was not eligible to audit non-departmental public body companies, but provisions in the Companies Act 2006 clear the way for him to do so with effect from financial year 2008-09. There are separate provisions for profit-making and non-profit-making companies, but happily they are now in place.

The Comptroller and Auditor General now has public audit responsibility for 26 non-profit-making NDPB companies. I understand that 24 companies, which are either profit making or have profit-making subsidiaries, have also agreed to come under the auspices of the Comptroller and Auditor General for audit purposes.

I share the Committee's disappointment—this is a point that the Chairman of the Committee brought to our attention in his opening comments—that the implementation of the new governance arrangements for the National Audit Office has been delayed, along with the constitutional renewal Bill. However, the Public Accounts Commission has seen the draft provisions in near final form and the Treasury is ready to proceed as soon as a decision is taken on the Bill's timing.

I welcome other progress in this area, such as the appointment of Sir Andrew Likierman as the chair of the National Audit Office and of Mr. Amyas Morse as the new Comptroller and Auditor General. The hon. Member for Gainsborough told us about the selection panel, which he chaired, and expressed his confidence in the choice that has been made. The formal appointment of Mr. Morse will follow, through a motion in Parliament. I am glad that he can take up his appointment on 1 June.

I was interested to read the transcript of the first ever pre-appointment hearing that the Committee has held. The Committee gauged Mr. Morse's views on a wide range of issues. I note that he has ambitions for the NAO in improving the efficiency, cost efficiency and functional efficiency of government. We share those ambitions and I welcome the fact that Mr. Morse wants to work with Departments and the Treasury to progress that. Progress and a push from the NAO, as well as from the Treasury, have a good record in achieving change, which we all wish to see.

Our Green Paper, "The Governance of Britain", explained that the Government would simplify our reporting to Parliament by bringing together the processes for planning, parliamentary approval and reporting of public spending on a more consistent basis. I hope that that responds to some of the worries expressed by the hon. Member for Harwich, and it recognises the point made by the hon. Member for Southport about what are known as the "clear line of sight" changes, or the alignment review.

We made it clear that the Government would consult widely on the detailed changes needed to implement what is a major reform of parliamentary scrutiny, which is designed to make the system of Government finance easier to understand and operate, and to improve Government accountability to the House.

On 28 February, my right hon. Friend the Chief Secretary to the Treasury wrote to the hon. Member for Gainsborough and the Chairs of a number of other House Committees, drawing their attention to the parliamentary memorandum—which was published on 5 March as a Command Paper, Cm. 7567—setting out our formal proposals for achieving better alignment between budgets, estimates and accounts.

The proposals in the memorandum will result in a simpler system, with a single set of numbers, which is more transparent, more comprehensive and easier to use. It will improve public debate and understanding through enhanced parliamentary scrutiny of Government. I believe that the proposals are fully consistent with Parliament's wishes. We would welcome Parliament's agreement to the detailed proposal by the summer recess, so that we can start implementing the new arrangements from 2010-11.

In closing, I again pay tribute to the work of the Committee, which proves its value every time it sits, and demonstrates its value in these debates. On behalf of the Government, I also thank Tim Burr, as the hon. Member for Gainsborough quite properly did in his opening remarks. Mr. Burr has displayed impressive abilities as Comptroller and Auditor General, not least because he took on the role on an interim basis pending the appointment of a successor. He commands the respect of the Government, and all in the House, as he has guided and led the National Audit Office through that period of transition. We need the National Audit Office to hold the Government to account, and Mr. Burr is courageous in ensuring that that continues. I wish him well for the future.

We all know that the National Audit Office and Public Accounts Committee together provide a valuable public service. We have seen evidence of that again today, if we doubted it. Improvements have been made,

*[Angela Eagle]*

and as always in this continuous revolution—to use the words of the Committee Chairman—there is scope for even more improvement. I hope and believe that we will see that in future.

4.31 pm

**Mr. Leigh:** It is a great pleasure to spend three or four minutes thanking all those who have taken part in what has been a good debate. It is always pleasant to take a three-hour break from the normal partisanship of the House, and try to get to grips in a completely non-partisan way—not mentioning the political debate at all—with how the public sector works.

I am grateful to all those who have taken part in the Back-Bench debate, which was opened by my friend the hon. Member for Great Grimsby (Mr. Mitchell). He is such an honest man that when he came forth with a figure and it was proved wrong, he just admitted that it was his own concoction. I wish we were all so honest when we made mistakes in this place. He made a serious point that the trouble with Whitehall is that there is no settled culture—not just continuous policy changes, but a continuous driving through of Gershon, which makes it difficult to get to grips with efficiency savings. His wise words should be remembered.

The hon. Member for Southport (Dr. Pugh), who is a valued member of the Committee, made one of the great understatements of the year—that public servants lack the incentive of private citizens in husbanding resources. You can say that again. We do our best to try to help public servants to be just as good as private citizens in husbanding resources. His wise words about the GP contract will be engraved in the heart of any future Government in dealing with a powerful public sector trade union, which is all that the British Medical Association is.

I am grateful to my hon. Friend the Member for Tiverton and Honiton (Angela Browning) for her contribution. She made an important point about the problem of change continually recurring, and project management. We have made a difference, as the Exchequer Secretary mentioned, in trying to ensure that all finance directors are professionally qualified. I have tried to make the focus on project management a theme of my chairmanship. I believe that so many of our mistakes are made because we drive through change too quickly. I say to the Exchequer Secretary that we try to have a balance and give praise—we are not just Jeremiahs. My press release on the roll-out of prison procurement this week was very laudatory of the Department. Where such procurements work well, they are delivered slowly, with piloting, and are not continuous changes. My hon. Friend's point about the need for more training is important.

My hon. Friend the Member for Harwich (Mr. Carswell) made a dynamic, young man's speech. He reminded me of my early days as an ardent Thatcherite. All I can do now is go to bed with the collected speeches of Sarah Palin—not a very thick volume. My hon. Friend keeps us all on our toes, and it is good to have him on the Committee. He made the point that when the oversight of Parliament has become so weak in respect of the whole budget process, the audit process is even more important. That is why the Committee's work is so important.

Of course we all love the hon. Member for Glasgow, South-West (Mr. Davidson) and his critiques of the royal family, public schools and the rest, and we are very grateful for what he says. We are also very grateful to my hon. Friend the Member for South Norfolk (Mr. Bacon). Lastly, we are grateful to my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands).

The PAC model has spread throughout the Commonwealth, and I think we should be extremely proud of it. We are proud of our work. We do try to make a difference, and we hope that at the end of the day we save taxpayers money.

*Question put and agreed to.*

*Resolved,*

That this House takes note of the 30th, the 36th, the 39th to the 41st, the 43rd to the 49th, the 51st and the 57th Reports of the Committee of Public Accounts of Session 2007-08, and of the Treasury Minutes on those Reports (Cm 7493, 7522 and 7545).

**Mr. Greg Knight** (East Yorkshire) (Con): On a point of order, Madam Deputy Speaker. May I refer you to a written question in column 1124W of volume 463 of *Hansard*? It was asked on 25 July 2007 by the hon. Member for Stroud (Mr. Drew), who I see is present, and concerned the possibility of the Youth Parliament using this Chamber. The reply given by the hon. Member for Bishop Auckland (Helen Goodman), who was then Deputy Leader of the House, stated that the matter would be referred to the Modernisation Committee.

Although the motion that I assume a representative of the Government is about to move is not irregular in the procedural sense, it is clear that the Government have failed to honour the commitment that they gave the House, because the matter has not been put before the Modernisation Committee. I therefore wonder, Madam Deputy Speaker, whether you feel that it would be more appropriate for the motion not to be moved until the Committee has had an opportunity to consider the matter.

**Sir Nicholas Winterton** (Macclesfield) (Con): Further to that point of order, Madam Deputy Speaker. I have been a member of the Modernisation Committee since its very first meeting, in the last half of 1997, and I can vouch for the truth of what has been said by my right hon. Friend the Member for East Yorkshire (Mr. Knight). The question of using this Chamber—uniquely—for a meeting of the UK Youth Parliament has never been discussed. I fervently believe that if the policy was that it should be referred to the Committee, and if that was stated by a Government Minister—the Deputy Leader of the House—that commitment should be honoured before the matter is put before the House as a whole.

**Martin Salter** (Reading, West) (Lab) *rose—*

**The Deputy Leader of the House of Commons (Chris Bryant)** *rose—*

**Madam Deputy Speaker (Sylvia Heal):** I will take one more point of order.

**Martin Salter:** Further to that point of order, Madam Deputy Speaker. Can you advise the House how to deal with circumstances in which hon. Members may have inadvertently misled the House? The Modernisation Committee's 2004 report "Connecting Parliament with the Public", to which I was party along with several other Members, contained a recommendation that the UK Youth Parliament use the Chamber of the House.

**Madam Deputy Speaker:** May I respond to the points of order that have been made? I really do think—*[Interruption.]* Order. Two points of order have been raised with me. I intend to reply to them, and I want the Members concerned to hear what I have to say.

Let me advise Members that the points raised with the Chair as points of order are actually points that they could well introduce into the debate that is about to take place.

**Mr. Christopher Chope** (Christchurch) (Con): On a point of order, Madam Deputy Speaker. Bearing in mind what you have said—that certain matters are obviously matters for debate—may I raise with you something that was said by the Prime Minister in his statement following the publication of the Green Paper "The Governance of Britain" on 3 July 2007? He said:

"Consultation will take place with you, Mr. Speaker, and through the Leader of the House, with this House as to whether the Youth Parliament should be invited here in this Chamber once a year, on a non-sitting day."—[*Official Report*, 3 July 2007; Vol. 462, c. 819.]

Is it possible to find out, Madam Deputy Speaker, the nature of the consultation that has taken place with Mr. Speaker, and through the Leader of the House, with this House?

**Madam Deputy Speaker:** Let me repeat the ruling that I have already made. The points made by the hon. Gentleman could well be made as part of the debate that I hope we shall now be able to hear.

**Mr. Richard Bacon** (South Norfolk) (Con): Further to that point of order, Madam Deputy Speaker.

**Madam Deputy Speaker:** Is it another further point of order?

**Mr. Bacon:** It is directly related to the point of order, Madam Deputy Speaker, and your answer to it.

**Madam Deputy Speaker:** We have heard quite a few variations on the original point of order, but I shall allow one more.

**Mr. Bacon:** I am very grateful to you, Madam Deputy Speaker. My hon. Friend the Member for Christchurch (Mr. Chope) asked whether it would be possible to find out what consultation has taken place with the Speaker's Office. It seems to me that that is not a question for debate, as I have been a Member of this House since 2001 and I have never seen either the Speaker or any of the Deputy Speakers making a speech from the Chair in the sense of taking part in a debate, and I do not expect to see that. Therefore, Madam Deputy Speaker, how should we ascertain what consultation has taken place with the Speaker's Office, as, with the greatest respect, that is plainly not a matter for debate?

**Madam Deputy Speaker:** With the greatest of respect to the Member, who says he has been in the House since, I think, 2002—[Hon. Members: "2001."] He has been a Member of the House since 2001, and I think that he will therefore be aware that during the course of a debate it is quite possible—this frequently happens—for Members to intervene on Ministers standing at the Dispatch Box to clarify certain queries they may have. Let us now proceed, and commence with this debate.

## Use of the Chamber (Youth Parliament)

**Madam Deputy Speaker (Sylvia Heal):** I must inform the House that Mr. Speaker has selected the amendment in the name of the hon. Member for Christchurch (Mr. Chope).

4.41 pm

**The Deputy Leader of the House of Commons (Chris Bryant):** I beg to move,

That this House welcomes the work of the United Kingdom Youth Parliament in providing young people with an opportunity to engage with the political process and bring about social change; notes that many hon. Members from all parts of the House are actively involved in the work of the UK Youth Parliament; and accordingly resolves that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House.

I suppose I should start by saying, "Seconds out, round two," as this feels like the second part of a debate that did not really begin yesterday. I will also just say this to the hon. Member for Macclesfield (Sir Nicholas Winterton), who is the longest-standing member of the Modernisation Committee, and who raised a point of order just now: he called for a matter to be referred to the Modernisation Committee, but last week he called for the Modernisation Committee to be abolished, so consistency is clearly not one of his major features for today.

**Sir Nicholas Winterton** (Macclesfield) (Con) *rose—*

**Chris Bryant:** I will not allow the hon. Gentleman to intervene on me yet, but I am sure he will do so in a few moments.

As I am sure every Member knows, there is a serious issue in terms of the involvement of young people in politics of every kind.

**Mr. Peter Bone** (Wellingborough) (Con) *rose—*

**Chris Bryant:** May I develop my argument just a little before the hon. Gentleman intervenes on me?

We all know that there are problems with young people who are disaffected from society in general—they exist in every constituency in the land—and that antisocial behaviour affects many of our communities, and we also know that the percentage of young people, especially under the age of 24, who turn out for elections has fallen very dramatically, from 60 in the 1990s to the low 30s in the last couple of general elections. In addition, every single political party has found that the number of young people getting involved has fallen. One of the significant innovations in the past decade to try to redress some of these issues is the creation of the United Kingdom Youth Parliament. Those who originally thought of creating it had a brilliant idea, and it has made a significant difference on two levels. First, in terms of youth organisation in every constituency, it has led to the positive development that many young people are now actively involved in discussing the major political issues facing the country, instead of just going along to a youth club and playing ping-pong. It has given a structure for the National Youth Agency.

There have been very significant debates in this building, albeit not in this Chamber. Indeed, there have been meetings in Committee Room 14, which is what the

*[Chris Bryant]*

amendment recommends, for the last 10 years. Therefore, it hardly seems like an innovation for hon. Members to be moving that as a halfway-house amendment.

**Mr. Bone:** Can the Deputy Leader of the House explain the Government's thinking over the last week in putting this motion at the end of business, when it could not possibly have been debated? This is an important issue. Why was time not provided? Why were the Government forced, by Members objecting every evening, to have to find time?

**Chris Bryant:** Clearly, there are priorities, and although making sure that as many young people feel engaged in the political process as possible is a very significant priority for the Government, whether the Chamber should be allocated to the UK Youth Parliament is probably not as important as some of the issues that people were calling on my right hon. and learned Friend the Leader of the House to allow time for debate on. However, there would have been debate yesterday if the hon. Gentleman and some other colleagues had not forced debates on issues that they then chose not to vote on.

**Sir Nicholas Winterton:** I will deal with the matter that the Deputy Leader of the House raised as soon as he got to his feet—in respect of my involvement with the Modernisation Committee—when, I hope, Madam Deputy Speaker, I catch your eye later. Unless I have been misled by my hon. Friend the Member for Rutland and Melton (Alan Duncan), the shadow Leader of the House, the matter has not been discussed with him and he has not been consulted about it, because he told me this only yesterday. If it is so important to the Government and is really a cross-party issue, why have they not had the courtesy to discuss it with my hon. Friend?

**Chris Bryant:** I do not think I am breaking any confidences in saying that the shadow Leader of the House and I have had some discussions today, and I am happy to come to those issues; I hope that I can provide some reassurance on the basis of those discussions. At the moment, I have discussions with the shadow Leader of the House nearly every day—I do not want to suggest any coziness in that arrangement—but this is not a matter on which we think it right that there should be a party Whip; we have not wanted to advance in that way. I say to the hon. Member for Christchurch (Mr. Chope), who raised the issue of consultation, that, in the end, the only way the Government have of consulting the whole House is by putting something on the Order Paper and having a vote, and that is what I would dearly like us to be able to do.

**Sir Nicholas Winterton** *rose—*

**Chris Bryant:** If the hon. Gentleman does not mind, I know that there are several hon. Members who would like—

**Mr. Bone:** On a point of order, Madam Deputy Speaker. I am sure that the Deputy Leader of the House does not want to mislead Parliament. It has been suggested on a number of occasions that hon. Members yesterday called for a vote and then did not vote. That is not the case. I called for a vote against the European Union motion and voted against it. That ought to be made clear.

**Madam Deputy Speaker:** I must refer the hon. Gentleman to the comments made by Mr. Speaker yesterday. He dealt with points of order on this very issue.

**Chris Bryant:** If the hon. Gentleman feels I have slighted him in any way, I do apologise; I would not ever want to do so. I merely note the fact that we had votes yesterday afternoon that seemed to indicate that a lot of people opposed the measures in question, but only four did so on the first, and only six on the second.

The important issue before us is that the UK Youth Parliament has developed a growing sense of self-confidence as an organisation, and many of the young people involved are from a wide variety of backgrounds, which has been significant in itself. It is interesting to note the breadth of backgrounds of the young people who take part. In the last Youth Parliament, 53 per cent. of its members were women, 47 per cent. were male—obviously—2 per cent. had disabilities and 21 per cent. were from black and ethnic minority groups. That is considerably higher than for the nation at large, and considerably higher than in this Chamber. In some senses, it was great to see when those young people were sitting in the House of Lords the breadth and diversity that was shown in that Parliament. Sometimes, I wish that we could mirror that diversity in this Chamber.

**Mr. David Drew** (Stroud) (Lab/Co-op): Can my hon. Friend explain to me why there was apparently no opposition when people from the Youth Parliament were able to sit in the House of Lords? Is that giving some primacy to that Chamber, in the sense that it seems to be more representative than this one? That fills me with alarm.

**Chris Bryant:** I was about to move on to the fact that last year, the UK Youth Parliament was allowed to use the second Chamber, the House of Lords. It was interesting that there was remarkably little opposition of any kind, in a Chamber that is often considered rather more hidebound by tradition than this one. The young people were really struck by the privilege of being able to do that, and took part with enthusiasm. The Lords Speaker, who chaired the debate herself, said:

"The quality of the debate today has been fantastic. We don't hear the sounds of clapping in this Chamber often. What really impressed me was the courage of people who stood up and took a position which was not the view of the majority—and the respect that you all showed to everyone's viewpoints."

I spoke to a couple of peers last night who described themselves as the crustiest of crusty Members of the House of Lords and who were entirely enthusiastic about the event last May, and they said it was quite extraordinary that there seemed be another level—another dimension—of crustiness that could be found only in this House.

**Sir Patrick Cormack** (South Staffordshire) (Con): Will the Deputy Leader of the House acknowledge two things? First, one is not elected to the House of Lords; it is wholly different from this Chamber, which is unique. I think I speak for almost all, if not all, my colleagues

who have reservations about this proposition. We have nothing but support for the Youth Parliament. We are delighted that it should meet in many places in the Palace of Westminster. Many of the young people involved aspire to come here, and we believe that when they come here to take their seats, it should be the unique experience it was for the Deputy Leader of the House, for me, and for everybody else.

**Chris Bryant:** The hon. Gentleman—or the Great Grand Crust, as we shall now know him—put in my mind for the first time ever the thought of electing the second Chamber. That is a very good idea.

The hon. Gentleman said that we are unique because we are elected. The Scottish Parliament, which is elected, has just gone through exactly the same process, and it was an enormously welcome experience to see many young people, who would never have had any experience of active political engagement before, taking part in that Chamber, and the use of the Chamber made a significant difference to the quality of the opportunity available to those young people.

**Martin Salter** (Reading, West) (Lab): I invite my hon. Friend to reflect on his exchange with the hon. Member for South Staffordshire (Sir Patrick Cormack). The last recorded policy of Her Majesty's Opposition on reform of the other place was for a 100 per cent. elected second Chamber. Are we to conclude that should there be a Conservative Government, and should there be a 100 per cent. elected second Chamber, the UK Youth Parliament would be thrown out and not ever have another opportunity to debate in that place?

**Chris Bryant:** I do not think that anyone should ever conclude anything about Conservative party policy; it seems to be a rather moveable feast.

In the fascinating debates held in the House of Lords, the young people involved voted on which policies they thought were the most important to advance as part of their manifesto. The first concerned recycling and their environmental campaign, which received 490 votes. The second concerned a national public transport concessionary card for young people under the age of 18, which received 425 votes. The abolition of university tuition fees received 252 votes, and they also considered the matter of fair and accurate representation of young people in the media, lowering the voting age to 16 and having one single age at which young people are deemed to become an adult. These were adult debates.

**Several hon. Members** *rose—*

**Chris Bryant:** I give way to the hon. Member for East Worthing and Shoreham (Tim Loughton)—he is a charming chap.

**Tim Loughton** (East Worthing and Shoreham) (Con): I am grateful to the Deputy Leader of the House because I want to support his cause, and speak for anti-cruelness. It was such an excellent debate in the House of Lords, and as important as the subjects that were discussed was this comment from a delegate who felt that the publicity generated from the House of Lords debate would be a great start:

"This is fantastic press which we've never had before and it's so positive. This is the kind of thing the media really need to focus on."

They never focused on the debate in Committee Room 14; they might if we have it here, and replicate the success of the other place.

**Chris Bryant:** That is a very good point. I give way to the hon. Member for Altrincham and Sale, West (Mr. Brady)—the Young Crust.

**Mr. Graham Brady** (Altrincham and Sale, West) (Con): The hon. Gentleman knows I do not agree with him on this point. He advances arguments as to why the proposal for the Youth Parliament to sit in this Chamber might be beneficial to it and to the cause of getting young people involved in Parliament. If he believes it is so beneficial, why does his motion make it possible for that to happen on only one occasion?

**Chris Bryant:** I was going to come to some of the restrictions that I think will be important if this sitting were to happen, as we have not put them all in the motion. I have spoken to the shadow Leader of the House and I think it would be fair to put some matters concerning how the event would proceed on the record. For instance, I think it would be inappropriate for anybody other than Mr. Speaker to sit in the Speaker's Chair. Similarly, it would be inappropriate for the Mace to be in place. I think that the session should be chaired by a senior Member of this House as opposed to any other person. The normal rules of the House should apply in terms of parliamentary language, dress code, mobile phones and the one issue that particularly worried the shadow Leader of the House—namely, whether students would be chewing gum or not. It is important, too, that the broadcasting rights would remain with us, as would control over how the session would be broadcast. The fact that the debate in the House of Lords was broadcast on BBC Parliament gave an enormous sense of occasion to the young people, which is something that could never be achieved in Committee Room 14, which is a far clumsier environment and in no sense has the same cachet and significance as this Chamber.

We would, of course, be able to ensure that access to other parts of the House was restricted so that all security issues were covered. As the hon. Member for Altrincham and Sale, West has just said, this would be a one-off. If hon. Members wanted to return to the issue thereafter, it would be for them to do so. The other most important and significant point is that this would happen on a non-sitting day.

**Mr. Edward Leigh** (Gainsborough) (Con): To be entirely consistent, if there is a request from the Muslim Council of Britain, the Board of Deputies of British Jews, the Catholic Union of Great Britain, Age Concern or any other representative body that was as representative of this country as the Youth Parliament is, should not they be allowed to sit here, too?

**Chris Bryant:** No, because the Youth Parliament is representative of the whole of the United Kingdom. A significant aspect of the Youth Parliament is that it is attempting to bond rather than disunite, and that is why I think that this should be a unique opportunity that is offered to the Youth Parliament.

**Several hon. Members** *rose—*

**Chris Bryant:** I shall give way to the hon. Member for South Norfolk (Mr. Bacon), but I shall not give way to longest-standing Member of the Modernisation Committee, the hon. Member for Macclesfield, again, because I know that other Members, including him, want to speak.

**Mr. Richard Bacon** (South Norfolk) (Con): The Youth Parliament is representative of the UK, but so is Age Concern. Why, if we were to allow such sittings at all, would one not allow them for pensioners? Where would one stop?

**Chris Bryant:** Many of the public, looking at this House, think that we already have Age Concern sitting here. The significant point—

**Alan Duncan** (Rutland and Melton) (Con): That'll come back to haunt you.

**Chris Bryant:** The shadow Leader of the House is trying to be helpful, but I think that some of the people sitting behind him will attack him just as much as they attack me, so he need not worry about me too much.

I do not want to delay the House too long.

**Mr. Christopher Chope** (Christchurch) (Con) *rose—*

**Chris Bryant:** I am keen not to give way too often, because I am sure that hon. Members will manage to catch your eye, Madam Deputy Speaker. However, the hon. Gentleman is looking querulously at me and very grumpy, so I shall give way.

**Mr. Chope:** I am grateful to the Deputy Leader of the House for giving way. The reason I am looking querulous is that the Prime Minister said:

"Consultation will take place with…Mr. Speaker, and through the Leader of the House, with this House as to whether the Youth Parliament should be invited here in this Chamber once a year, on a non-sitting day."—[*Official Report*, 3 July 2007; Vol. 462, c. 819.]

He did not say once, but "once a year". Is that a pledge that the Prime Minister has made on which the Government are now reneging, or should some other meaning be given to those words?

**Chris Bryant:** There have been informal consultations around the House and that is why we have tabled a one-off proposal this afternoon. If the hon. Gentleman had wanted to amend it so that it was more in tune with what the Prime Minister originally intended, so that these sittings happened once a year, that course was open to him.

At the core of this argument is how hon. Members consider their ownership of the Chamber. I believe that it is of course a great privilege to be a Member of Parliament, but we should not stand on ceremony. The old politics of MPs' surrounding themselves in special favours and anything that makes this place seem like a gentlemen's club put off not just young people but the vast majority of voters.

**Mr. Charles Walker** (Broxbourne) (Con): On a number of occasions, my children, like many other children, have been in this place with me, their father. They have asked me whether they can sit on the green Benches and I have said no, because it is not in my gift to give them that permission. I have said no to my children, whose ages range between four and 12, on two occasions. The right to sit here is conferred on me by licence by my constituents in Broxbourne. It is not a gift for me to give to others.

**Chris Bryant:** But it is not only the hon. Gentleman's children who should be allowed to come into the Chamber. All the children of this country should be able to do so, because the Chamber—*[Interruption.]*

**Madam Deputy Speaker:** Order. The Deputy Leader of the House is responding to the point made by the hon. Member for Broxbourne (Mr. Walker). If the hon. Gentleman wants to make a further intervention, that will be a matter for the Deputy Leader of the House to decide.

**Chris Bryant:** I am happy to give way again to the hon. Gentleman.

**Mr. Walker:** Numerous children from my primary and secondary schools have visited this Chamber. I have gone to speak to them subsequently and they have told me that they have had a wonderful time here. The idea that Charles Walker's children have a privilege that other children in my constituency do not have is nonsense. Charles Walker's children have no more and no less in the way of privilege than any other children in my constituency.

**Chris Bryant:** I am sorry if I have offended the hon. Gentleman, who I think has misunderstood the point that I was trying to make. Quite simply, the decision about who can and cannot sit on these Benches is for the whole House, not any individual Member. Personally, I would like those elected to the Youth Parliament to be able to sit in this Chamber, on one occasion in the coming year.

**Martin Salter:** Does the Deputy Leader of the House think it might be helpful to conduct some referendums in random constituencies—Reading, West and Broxbourne, perhaps—to see what people think of Members of Parliament who want to deny young people the fantastic opportunity to debate in this place? If such referendums were conducted—and they may well be—does he agree that hon. Members who take that position might be honour bound to listen to the views of their constituents?

**Chris Bryant:** I do not think that this is a party-political issue. This should be something that unites all those who want to ensure that young people have an opportunity to take an active part in modern British politics and to value the British parliamentary tradition. All too often, the young people who do get involved in politics have nothing to do with that tradition because they are engaged only with single-issue campaigns. I think that allowing them to use the Chamber has a significant value, and I am certain that any referendum of young people in my constituency of Rhondda—or in that of my right hon. and learned Friend the Leader of the House—would show them to be surprised to hear Members of Parliament say that only they can ever be allowed to sit in this Chamber. For that matter, I expect that I would find the same were I to ask pensioner groups in my area the same question.

**Mr. Greg Knight** (East Yorkshire) (Con): Will the Deputy Leader of the House give way?

**Chris Bryant:** No, if the right hon. Gentleman will allow me—

**Sir Nicholas Winterton:** My right hon. Friend is the Chairman of the Procedure Committee!

**Chris Bryant:** I know who he is, and I will give way to him.

**Mr. Knight:** I am most grateful to the Minister for giving way. I have a genuine point that I hope he will clarify before he concludes his remarks. He said that he wanted the Youth Parliament to sit here for one day, yet the motion before us refers not to one day but to its "annual meeting". Last year, the Youth Parliament's annual meeting ran over four days, from 19 to 22 July. Is he seeking to allow four days or one day of debate in the Chamber?

**Chris Bryant:** The right hon. Gentleman—my right hon. Friend, indeed—who chairs the Procedure Committee makes a helpful contribution. The truth is that we are talking about only one day. *[Interruption.]* I hear Opposition Members ask why, and the answer is that we believe this should be a one-off, unique opportunity.

I believe that this Chamber is not ours but is merely on loan from the people whom we represent. The young people of the UK Youth Parliament do not just own this country's future—they are also a vital part of our present, and we should not exclude them. We should definitely welcome them in, and I very much hope that the House will allow a vote to be held and the UK Youth Parliament to use this Chamber.

5.4 pm

**Alan Duncan** (Rutland and Melton) (Con): I will speak as briefly as I possibly can to allow as many of my hon. Friends and other hon. Members as possible also to speak in the debate.

I have a few observations to start with, one of which is that the inspiration for much of the Youth Parliament came from the late Andrew Rowe—a former Conservative Member of Parliament known to many if not all of us—so its origins lie in a colleague who sat on this side of the House.

At its best, the Youth Parliament is something that we all ought to applaud. In an age when too many young people think, "Oh, politicians are all the same, and we don't want anything to do with politics", to see enthusiastic youngsters acting in a replica of the House, having been elected in their schools and elsewhere, is something that we ought to applaud. To encourage young people to enjoy the idea of Parliament and to participate in its concepts and merits is something that we should all do if we possibly can.

I came to the issue very much in the middle, after the reshuffle, and quite a lot of water had gone under the bridge before I understood quite what was going on, even though I raised it on 12 February in the second of my encounters with the Leader of the House. It is a pity that this has been mishandled. The trouble is that the motion on the Order Paper is very broad and no terms and conditions are attached, and there has been no consultation with Front Benchers or, as my right hon. Friend the Member for East Yorkshire (Mr. Knight) has said, with any of the relevant Committees, despite assurances that that would happen.

We have an open motion, no consultation and basically a vacuum of understanding about what is really proposed. There are no understood terms and conditions, no rules of engagement and no basic details, which we all understand lie behind the motion. It is therefore fully understandable that a number of right hon. and hon. Members have found the whole process objectionable and are fearful of what we are being asked to vote for, and therefore object to it in principle. I fully understand their annoyance, which is felt mostly by hon. Members who have a fervent and long-standing appreciation of the courtesies and proprieties of the House. It may not be sacred, but it is a supremely important place. It is not just any old room. It is a symbolic and working Parliament, looked at across the world as the seat of democracy. It is the pinnacle of democracy in our country, and therefore its use cannot be treated lightly.

The experiment in the Lords worked rather well. It was broadcast on the Parliament channel. As the Deputy Leader of the House has said and even as Members of the House of Lords have said, it really did go extremely well, and it was a credit to the participants who debated and were televised there. When I discovered in the midst of all this that I was very much in the crossfire, I undertook to try to broker at least some understanding of what might be involved. Having asked for some sort of discussion a couple of days ago, so that we could have an exchange of letters or comments about what would be involved, I finally spoke to the hon. Gentleman today, and he has kindly referred to what was basically my checklist of what I thought should be at least explained to the House.

**Sir Nicholas Winterton:** I stated in an earlier intervention that my hon. Friend had told me only yesterday that there had been no consultation with the Leader of the House or, for that matter, the Deputy Leader of the House. However, in response the Deputy Leader of the House indicated that there had been consultation. I made it clear in my intervention that I spoke to my hon. Friend about the matter yesterday. Now, my hon. Friend, whose remarks so far I entirely endorse, has said that, in fact, no consultant took place until today. Has not the Deputy Leader of the House been slightly—how do I put it—disingenuous in replying to my intervention? In fact, yesterday, there had been no consultation.

**Alan Duncan:** No, my hon. Friend may have misheard the Deputy Leader of the House, who used the word "today", and if one were to read the record, he was absolutely accurate in what he said. *[Interruption.]* That is exactly what he said, and his account was fully honest and accurate. His comments certainly reflect my knowledge of what we have and have not discussed. It was indeed today that we discussed a basic checklist. I will rattle through it.

I think that it is inappropriate for anyone to sit in the Speaker's Chair, other than the Speaker.

**Chris Bryant:** Or the Deputy Speaker.

**Alan Duncan:** Indeed. It is as if we were to treat it with the same respect with which the throne of the sovereign might be treated in another place. I do not

*[Alan Duncan]*

think that the symbol of the Queen's authority, the Mace, should appear if this place is used by anybody else. People should have to dress properly. They should meet our standards. They should do their best—they will be young—to follow our forms of debate. Obviously, basic rules such as no mobiles and no food should follow. The standards that we are required to meet should be met by them.

**Andrew Miller** (Ellesmere Port and Neston) (Lab): I understand the hon. Gentleman's observation about the Mace, but the parliamentary education service uses a mock Mace. Would its use in the Chamber be acceptable?

**Alan Duncan:** No. I am negotiating very hard to try to allay the fears of some of my colleagues.

The broadcasting issue is important. The House of Lords event was broadcast on the BBC Parliament channel, but as the Deputy Leader of the House said, if the proposal goes ahead, it is essential that the House retains all editorial control. If anyone misbehaves, that should be expunged from the record. We are not going to allow anyone to carry out a little stunt, and then somehow parade it in their literature, or give it publicity in the years ahead by, say, putting it on YouTube. Nothing like that must be allowed to emanate from the event. *[Interruption.]* Not like the hon. Member for Reading, West (Martin Salter); he has missed many opportunities to do that.

**Richard Ottaway** (Croydon, South) (Con): My hon. Friend says that he will not allow any stunts to be shown. If the event is broadcast on the BBC Parliament channel, and someone makes a recording, how can he stop that from happening?

**Alan Duncan:** The recording will have been edited for any nonsense, so that it will not be shown.

**Mr. Bone:** I agree with certain remarks made by my hon. Friend so far. As the BBC Parliament channel broadcasts live, can he explain how any remarks will be edited out?

**Alan Duncan:** It need not be broadcast live; I believe that it was not on the last occasion. There are other issues, such as access and the use of any Galleries. My personal view is that only the secure Gallery should be used; parents may want to watch their children perform in the debate. There is the question whether the Division Lobbies should be used. Frankly, if the proposal goes ahead, it would be illogical not to allow the young people to learn how to vote.

**Mr. Leigh:** To get the complete experience, should they not be allowed to use all the bars of the House, too?

**Alan Duncan:** Many of them will be under age, so I fear that that may be thoroughly inappropriate. There are of course administrative issues, such as the policing of the event, and what happens to access for the public on the day, but I think that they are fairly obvious and easy to overcome.

**Mr. David Kidney** (Stafford) (Lib): The hon. Gentleman is being extremely constructive about the terms of engagement. Has he spoken to members of last year's Youth Parliament about how things went in the House of Lords, and does he accept that most of the points that he described were properly observed by the debaters last year?

**Alan Duncan:** I have not spoken to any of the individual participants, but I have spoken with a number of people who observed their proceedings, and every single person to whom I spoke said that that the participants behaved in an impeccable and impressive way, and were excited and thrilled. Everything that they did was a credit to them, and indeed to the sort of processes that we would like to see them observe. As an experiment, it was 100 per cent. successful and laudable.

The question remains whether this House would like those young people—youth parliamentarians, as they see themselves—to be able to sit on the leather Benches, which all of us have fought very hard to do. It ends up being a decision on whether we think that what we have done is so fantastic that no one else should be allowed just to get that little tingle of excitement from feeling that they might one day be able to do what all of us have done.

We are not the permanent stewards of this place. We are passing through it, and for democracy to survive, other generations will have to replace us. Why, under the right terms and conditions and following the right rules, do we not allow them that thrill and excitement and hope that perhaps in a few years a genuinely elected Member of Parliament will say that their inspiration for politics derived in part from that day when they were experimenting, sitting here and getting the excitement of this place, and they suddenly realised that politics does matter, that Parliament does matter, and that a senior group of elected parliamentarians gave them the privilege and the permission to do it for just a day?

**Mr. Leigh:** Will my hon. Friend give way?

**Alan Duncan:** In my closing exciting moments, I give way to my hon. Friend.

**Mr. Leigh:** It is not about us. It is not as though we were speaking about some cosy club in St. James's that we want to reserve for ourselves. It is about our constituents. It is their right and no one else's. For more than 1,000 years it has been the right of the entire people of the United Kingdom to send Members here. That is why, in my hon. Friend's words, the Chamber is not any old room. It is a sacred part of the constitution.

**Lyn Brown** (West Ham) (Lab) *rose—*

**Alan Duncan:** I will give way, then I will conclude.

**Lyn Brown:** Does the hon. Gentleman agree that his constituents, like mine, would totally agree with the position that he has just put before the House?

**Alan Duncan:** Some of the greatest moments in history arise from wise people deciding that just occasionally a rule is designed to be broken, and that exceptions should be made in order to allow something special to happen.

This should happen only once. We do not want the Chamber to be taken over, to become a venue for parties or a favoured catering place. This is a one-off, to try to say to young people, "Parliament matters. If you get elected, go for it." We should let them do it, on the right terms and conditions. I shall support the motion tonight, should we get to a vote.

5.17 pm

**Mr. David Heath** (Somerton and Frome) (LD): In this instance, it is a pleasure to follow the hon. Member for Rutland and Melton (Alan Duncan), because I agree with the points that he put forward. This is a matter for every individual Member of the House. It is not appropriate for it to be party political, and Members will take their own decision.

We have an opportunity to do something of immense value for an institution which we should respect and for which we should have great ambitions. I have been in contact with people in my constituency who have been seeking election to the Youth Parliament. I have given them assistance and helped with the process of election. I felt that it was a significant addition to our political system. It encourages young people to understand the democratic process, to participate in the democratic process, and to participate in the right way, understanding how our systems work.

The opportunity to give those young people the opportunity, just for one day, to experience this place is precious and in our gift. The hon. Member for Rutland and Melton spoke about the tingle of coming into this place for the first time. I admit that I am a romantic about the Chamber. I still feel a buzz and a privilege every time I am permitted to sit here and to say what I believe in the Chamber of the House of Commons.

**Mr. Greg Hands** (Hammersmith and Fulham) (Con): Why did the hon. Gentleman walk out?

**Mr. Heath:** I did not. The hon. Gentleman is making a silly intervention.

I hope that we all feel that way about the Chamber. When we cease to feel it, that is the time to pack up and find another career.

**Mr. Brady:** So far speakers from both Front Benches have given an indication that, although they believe that allowing young people to come here on one occasion is an important opportunity to inspire them, they believe that it should happen once and once only. Does the hon. Gentleman share that view, or would he like to see it happen every year?

**Mr. Heath:** I shall come to that point in a moment.

First, like the hon. Member for Rutland and Melton, I deprecate the fact that there was no proper consultation on this issue. That, I am afraid, is so typical of how the Government do these things. *[Interruption.]* I hear the word "arrogance" spoken from a sedentary position, and it is appropriate. That lack of consultation is so unnecessary; it does not take much to consult properly and make sure that people are happy with arrangements before plonking before the House a motion to which people are expected to agree without debate. That is an unfortunate way of doing business, and it is important to say that. Having said it, I should add that some hon. Members—as I shall explain, I respect their position in some ways—would never agree if they were consulted for the next decade on the subject. There is a point at which we have to stop consulting and start deciding. Perhaps one of the Government's besetting faults is that sometimes they consult for too long and do not decide sufficiently.

**Mr. Greg Knight:** Is not the Government's position worse than the hon. Gentleman has indicated? This is not a case of their failing to consult; they promised to consult, and failed to do so.

**Mr. Heath:** That is not unfamiliar when it comes to matters in the House, and as we keep on saying, it is unfortunate. I hope that the day will arrive when there is machinery to allow the various parties to be consulted properly about the business of the House in advance of its being placed before them. We could then organise our affairs efficiently and effectively, people could have time to discuss what needs to be discussed, and time would not be wasted on what does not need to be discussed. That, however, is a matter for another day; what I am talking about now is the opportunity for the UK Youth Parliament to use the Chamber.

I said that I respected the view contrary to mine. I do; Members should not be insulted or assumed to be an irrelevancy because they have strongly held views on this subject. They adduce two arguments—neither of which I agree with, but which are respectable. The first is almost theological: it is about the sacred nature of the Chamber, and the notion that it is consecrated by its history and traditions and that nobody under any circumstances should be allowed to violate the holy of holies and sanctum sanctorum that is the House. I understand that position, but do not agree with it. As far as I am concerned, this chamber becomes the Chamber of the House of Commons when the Mace is in position, the Speaker or Deputy Speakers are in their seat and the House is sitting. I am sorry, but the rest of the time it is a building with great history, but it is just a building. There is a distinction between the House when it is sitting and otherwise.

The point is understood by almost every other legislature in the world. I am a Member of the British Parliament, but I have sat in seats in the Assemblée Nationale, the Bundestag and the Chamber of the House of Commons of Canada, which is similar to this Chamber. I have sat in the Lok Sabha in India and in a whole host of examples of the Sobranije or Majlis across eastern Europe and central Asia. There has been no intrinsic problem with my doing so. I do not believe that any one of those legislatures believes that its sovereignty or traditions were destroyed by my sitting in one of its seats for a few moments.

**Chris Bryant:** Apart from this one.

**Mr. Heath:** Possibly apart from this one, as the hon. Gentleman says. I think that we can dispose of that first argument.

The second argument is about precedent, and it was touched on earlier. It is that once we allow one organisation to use the Chamber, the floodgates will open and we will be unable to deny any requests. What a lack of self-confidence in this sovereign House's ability to decide its own affairs! As far as I am concerned, we decide what happens here, and if we decide that the UK Youth

*[Mr. Heath]*

Parliament will use the Chamber for one occasion and one occasion only, that will be the decision. If we decide at a future stage that it was a great success in building confidence in and understanding of democracy in this country among the young, as it was in the House of Lords, we may repeat the experience. That is in the hands of this House. I do not have so little confidence in the House's ability to take decisions on this matter that I fear that the slippery slope of precedent will somehow sweep all before it and we will be unable to take any decision in future.

**Mr. Chope:** Will the hon. Gentleman give way?

**Mr. Heath:** I will give way, but for the last time. I believe that the hon. Gentleman might wish to make a speech himself.

**Mr. Chope:** I will hope to catch your eye, Madam Deputy Speaker.

Does the hon. Gentleman accept that one argument that could be deployed if the motion were accepted is that in future the majority party in the House should be able to have party meetings in this Chamber comprising solely Members of Parliament? That could be pushed through by a majority vote. Does he concede that precedent argument?

**Mr. Heath:** One could make all sorts of conjecture or imagine all sorts of extraordinary goings-on. In my constituency there is a twinning meeting between the town of Wincanton and Ankh-Morpork, which some Members will know is an imaginary place in the world of science-fiction, in Terry Pratchett's Discworld. The people who attend that meeting sit in the chamber of Wincanton town council once a year. I do not anticipate that the House of Commons will invite the denizens of Ankh-Morpork to come and sit here; nor do I expect the Labour party to use it as its constituency headquarters for the Cities of London and Westminster, although one never knows.

This decision is one that Members of all parties should make. I believe that it is a one-off, and that the precautions that were suggested by the hon. Member for Rutland and Melton and agreed by the Deputy Leader of the House make perfect sense. I will support the motion. I invite colleagues to do so, but it will be a free vote.

## ROYAL ASSENT

**Madam Deputy Speaker:** I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Acts:

Appropriation Act 2009

Northern Ireland Act 2009

## Use of the Chamber (Youth Parliament)

*Debate resumed.*

**Several hon. Members** *rose—*

**Madam Deputy Speaker:** Order. I can see many Members hoping to catch my eye, and I want to enable as many as possible to participate in the debate. Time is limited, and I would therefore ask Members to exercise some self-discipline in the length of their remarks.

5.27 pm

**Martin Salter** (Reading, West) (Lab): I rise to support the motion as a member of the Modernisation Committee. I first wish to put on record a correction of what I am sure is a genuine misunderstanding on the part of the hon. Member for Macclesfield (Sir Nicholas Winterton). He said that this matter had not been before a Committee of the House, but that is patently untrue. In fact, the proposal has come not from the Executive but from an all-party Select Committee that includes the hon. Gentleman. It was agreed to without a vote in 2004. Recommendation 9 in "Connecting Parliament with the Public", the Modernisation Committee's first report of Session 2003-04, stated:

> "We believe there is a case for reconsideration of the long-standing convention that only elected Members of Parliament may ever sit in the Chamber, which is in contrast to the practice of many other legislatures".

**Mr. Greg Knight** *rose—*

**Martin Salter:** I will give way to the right hon. Gentleman in a moment, but I believe that he was a member of the Modernisation Committee at the time. We debated the matter at length and heard compelling evidence from the youth development officer at Lewisham council, the parliamentary education service and the UK Youth Parliament. All our witnesses said clearly what a fantastic opportunity it would be for young people to come into this Chamber—the cockpit of the mother of Parliaments—and be treated with maturity and respect, not patronised in the way that they have been in some of the contributions that we have heard. Of course the UK Youth Parliament is capable of a mature, sensible debate. Its members are the future citizens of our country and deserve to be treated with respect. That is what is intended in the motion.

**Mr. Greg Knight:** The hon. Gentleman has a point, but it is not relevant. On a point of order, I raised a written question, which was tabled in 2007—some three years after the report from which he quoted—and the reply that the then Deputy Leader of the House gave was that the Leader of the House "will be raising"—not "has raised"—the issue with the Modernisation Committee. I am afraid that that has not happened.

**Martin Salter:** That does not alter the facts of the case. It is a question of how many Tory backwoodsmen can dance on the head of a pin. They will use any procedural ruse to prevent the matter from being put to a vote, because they know perfectly well that they would be defeated and the UK Youth Parliament would have an opportunity to debate here.

**Michael Jabez Foster** (Hastings and Rye) (Lab): Will my hon. Friend give way?

**Martin Salter:** I will certainly give way to my hon. Friend, who has campaigned vigorously on the matter for the past eight or nine years.

**Michael Jabez Foster:** Indeed. Five or six years ago, when I proposed the matter, some Conservative Members suggested that young people sitting on the green Benches might constitute treason. Is my hon. Friend sure that that technicality has been sorted out?

**Martin Salter:** I have always believed that the definition of treason should be elastic, so I am not in a position to advise my hon. Friend.

One of the pleasures I derived from serving on the Modernisation Committee was seeing how apoplectic the hon. Member for Macclesfield got whenever it was suggested that anything other than an elected posterior should be allowed to grace the leather.

**Sir Nicholas Winterton:** Will the hon. Gentleman give way?

**Martin Salter:** I am happy to give way, because I am sure that the hon. Gentleman's attitude will not disappoint.

**Sir Nicholas Winterton:** I express my views with conviction—whether that constitutes apoplexy is a matter of individual judgment. If the proposal had come forward as a recommendation for the Modernisation Committee, I would not have supported it. As my right hon. Friend the Member for East Yorkshire (Mr. Knight) said, the then Deputy Leader of the House answered a question in 2007 by saying that the matter would be referred to the Modernisation Committee. That has not happened. I also emphasise that the Modernisation Committee has not met since the summer recess.

**Madam Deputy Speaker:** Order. I have already said that there is little time for debate. If Members want to intervene, I remind them again that they must be brief.

**Sir Nicholas Winterton:** On a point of order, Madam Deputy Speaker. If hon. Members who are present and interested in the matter have not spoken, is there any reason for holding a Division rather than carrying over the matter so that further time can be found for a clearly important debate?

**Madam Deputy Speaker:** The time that the debate concludes is printed on the Order Paper—it is 6 pm.

**Martin Salter:** I think that we are witnessing the first tremors of apoplexy from the hon. Gentleman. The minutes of the report that I cited clearly show that the membership of the Modernisation Committee in 2003-04 included him. The report includes recommendation 9 about reviewing the case for reserving use of the Chamber for elected Members of Parliament, and the minutes also show that there was no Division. It is therefore disingenuous for members of that Committee to claim that the matter was not discussed and that they sought to oppose the recommendation.

There are times when I am proud to be a Member of the House and there are times when I am slightly saddened. I am sad when young people are patronised and an organisation as worthy as the UK Youth Parliament is traduced in the way that some hon. Members have tried to do. The UK Youth Parliament is an excellent institution. I grew up in the '60s and '70s, when young people were energised by the political process. A lot of us feel despair at the lack of turnout and engagement among young people in the party political process and in the general political process. For us, as a Parliament, to be shutting our doors on a small group of young people who wish to participate and engage in our democratic process is disgraceful.

**John Bercow** (Buckingham) (Con): I agree with the hon. Gentleman, although I counsel him against his serious tendency towards understatement, which he has developed over a period of years. Is it not sad that we have already been beaten to it by the House of Lords, and would it not at least be graceful of us to follow now with due haste?

**Martin Salter:** I commend the hon. Gentleman on his statesmanlike intervention. I never thought that I would say this as an old lefty, but the longer that I am in this place, the more I look across at the other place and think that there are more lessons to be learned there than I ever envisaged. *[Interruption.]*

**Madam Deputy Speaker:** Order. Perhaps Members of the House will conduct themselves in the way in which they suggest members of the Youth Parliament conduct themselves.

**Martin Salter:** I have another problem for Opposition Members who feel that their traditions, their security or even their very being would be threatened by some young people meeting once a year in this place. The records show that the House authorities have identified the fact that asbestos exists in this building. As you will be aware, Madam Deputy Speaker, they have been considering the possibility of relocating us across the road—I think to the Queen Elizabeth centre—while the work takes place. I am afraid that the traditions of this place may yet be subject to health and safety legislation. When we are away and the contractors are in this place removing the asbestos, goodness knows, treason may happen. A building worker—a working-class person—may end up sitting on the green Benches, and what a terrible thing that would be.

**Mr. Jeremy Browne** (Taunton) (LD): Surely the current state of affairs is clear-cut. If someone is an elected Member of Parliament, they are entitled to sit here and if they are not, they are not. All the arguments that the hon. Gentleman is putting forward seem to be equally good arguments in favour of the General Synod, the Muslim Council of Britain or the women's institute sitting here. I cannot see from the logic of his argument why he would not have a sitting from some exterior group take place every weekend.

**Martin Salter:** If I am ever elected to the Muslim Council of Britain or the women's institute, I may make similar arguments, but I am not. I am an elected Member of this place and I want to open it up to the next

*[ Martin Salter]*

generation of voters, who I hope will form a House of Commons that is more progressive, liberal and open-minded than what we have heard from Members in some parts of the Chamber—I use the word "liberal" advisedly.

The arguments are so clear and overpowering that we do not need to get stuck in process. In the few minutes before I conclude, I want to give those in the UK Youth Parliament a voice. We have been talking at them, rather than about what they might do, what they might get out of the experience or what they might feel. Let me read into the record what the chief executive of the UK Youth Parliament said only a couple of days ago. He is a gentleman called Andy Hamflett and he gave evidence to the Speaker's Conference in Parliament, highlighting how politicians could be doing more to reach out to young people. Speaking about the Speaker's Conference, Andy said:

"It was a fantastic opportunity to celebrate the great work that Local Authorities and young people undertake as part of the UKYP partnership...Many ideas were discussed, but for me the unifying theme was that young people from diverse communities often feel disconnected from Parliament because they cannot see role models representing them in the House. They need to see people like themselves in representative positions to believe that it can be done.

I therefore made the point that if Parliament really wants to open its doors to young people, a very simple first step would be to allow Members of Youth Parliament to sit in the House of Commons chamber. It would be the perfect opportunity for young people across the country to see the fantastic diversity of Members of Youth Parliament, and to inspire them to take their own steps to get involved in politics and decision making."

**Mr. Chope:** Will the hon. Gentleman give way?

**Martin Salter:** No, I will not give way. I have been very generous in giving way.

One of my political mentors was a gentleman called Mr. Hogben. He was, I think, a leader writer for *The Times*, as well as being my British constitution teacher at school—we did not have politics in those days. He spotted in me and in other young people in our class an interest in the world around us, and he sought to develop and inspire it. He ensured that we came to the Chamber of this place, where I was privileged to see Barbara Castle tearing into the industrial relations legislation of the time. My teacher also took me to see Ralph Miliband at the politics society at Kingston; he nurtured my interest and my passion. I have to say that he, as a democrat, would be spinning in his grave if he had to listen to some of the arguments being put forward today to shut young people out of this place. We should be doing everything we can to inspire the next generation of democratic representatives. We should vote in favour of this motion, because it is called progress.

5.40 pm

**Sir Nicholas Winterton** (Macclesfield) (Con): We have just heard a diatribe from the hon. Member for Reading, West (Martin Salter), which did not add anything at all to the debate. I was particularly taken, however, with the intervention by the hon. Member for Taunton (Mr. Browne), because the matters that he raised have not, in fact, been properly addressed.

May I say to the House that I have taken legal advice informally, and I am advised that if we set a precedent of enabling people who are not elected to this place to meet in this place, a precedent will be set? A precedent will be set if the House decides to take that decision. The hon. Member for Taunton referred to a number of organisations, such as the Muslim Council of Britain and the women's institute—he could have mentioned the National Pensioners Convention. I ask the Deputy Leader of the House why he does not believe that the people in this country who turn out most in elections—namely, the grey vote—should have as equal an opportunity as the Youth Parliament to have a meeting in this place. They are a very important part of this country.

By the way, the UK Youth Parliament represents only a small number of young people in the United Kingdom. I know this because in my own county of Cheshire, I have taken a very active interest in the UK Youth Parliament. Along with my wife— my hon. Friend the Member for Congleton (Ann Winterton) who represents Congleton—and other Members of Parliament representing Cheshire constituencies, I have attended the annual gatherings of the Youth Parliament in county hall in Chester. We have met many of the representatives who have been elected in their particular areas.

**Tim Loughton** *rose—*

**Andrew Miller** *rose—*

**Sir Nicholas Winterton:** I give way to my hon. Friend, who caught my eye first.

**Tim Loughton:** I very much respect the points that my hon. Friend is making, but there is a fundamental difference between the Muslim Council of Britain, Age Concern or the other groups that he has mentioned and the Youth Parliament. People from any one of those groups could stand for Parliament and place themselves on these Benches by election, but the 11 to 17-year-old members of the UK Youth Parliament cannot do so because of their age—*[ Interruption. ]*

**Sir Nicholas Winterton:** Sitting in front of me, my hon. Friend the Member for Altrincham and Sale, West (Mr. Brady), who represents a seat very close to mine in Greater Manchester, has just said from a sedentary position: "What about Polish workers?" They are probably unrepresented and they would like to have a meeting. There is a very large number of Polish workers in this country. I say sincerely to this House that a very dangerous precedent might well be set.

**John Bercow** *rose—*

**Andrew Miller** *rose—*

**Sir Nicholas Winterton:** I give way across the House to the hon. Gentleman, who also comes from my own county of Cheshire.

**Andrew Miller:** I was thinking about some of the meetings of the Youth Parliament that the hon. Gentleman and I have attended. Has any problem occurred due to the fact that when the Youth Parliament meets in Cheshire's county hall, its members sit on the benches—the seats—that are normally allocated to elected councillors? What on

earth is the difference? They are seats. The important thing, surely, is the status of the institution. We should be proud of the fact that we are extending the facility of being able to come here to the young people of this country.

**Sir Nicholas Winterton:** I must confess to the hon. Gentleman that when I was present, the members of the Youth Parliament were not sitting on the benches occupied by councillors. They were sitting round tables, drinking and eating. Therefore, to an extent, behaviour that would not be allowed here appears from time to time to be practised by the Youth Parliament, certainly when it meets in county hall in Chester.

**John Bercow** *rose—*

**Sir Nicholas Winterton:** I do give way, but only reluctantly, because my hon. Friend's intervention will be most unhelpful. He has, like Paul, been transformed on the road to Damascus.

**John Bercow:** I am grateful to my hon. Friend for giving way. I am not a lawyer, and I say that as a matter of considerable pride, but he has said that he has taken legal advice without disclosing his source. May I politely suggest to him that the idea that this is some sort of slippery slope and that we will tie our hands is, frankly, nonsense on stilts? He cannot say, on the one hand, that he believes in and asserts parliamentary sovereignty and, on the other, that we do not have such sovereignty. He really cannot have it both ways.

**Sir Nicholas Winterton:** Oh but I can. What is more, I say to my hon. Friend that at one time he would have been shoulder to shoulder with me on these matters. When I went to his constituency before he was elected, he indicated that I was not really positively enough centre-right in speaking for him. So, there has been something of—

**John Bercow:** People are allowed to change.

**Sir Nicholas Winterton:** I know. I am being interrupted, Madam Deputy Speaker. I am seeking to make progress. I say to my hon. Friend that I have been in this place—good or bad, right or wrong, whether people like it or not—for nearly 38 years and I have been utterly consistent.

**Chris Bryant** *rose—*

**Sir Nicholas Winterton:** I give way, because the Deputy Leader of the House is being courteous. He has been slightly rude to me, but I rather like him.

**Chris Bryant:** I think that the hon. Gentleman rather likes it—being rude, that is. He bemoans the fact that the UK Youth Parliament does not stretch to every community in the country, which is true, but I would have thought that the opportunity to sit in the House would make it far easier for the Youth Parliament to spread across the whole country and to recruit more members, including in his constituency.

**Sir Nicholas Winterton:** I do not share that view. One thing that worries me about the debate is that so far there has been no mention whatever of the amendment, which has been selected by the Chair. The amendment states that the UK Youth Parliament—

**Madam Deputy Speaker:** Order. The amendment has been selected, but it is yet to be moved.

**Sir Nicholas Winterton:** I hope that I have your permission, Madam Deputy Speaker—at least tacitly—to refer to the amendment.

Nobody wants to keep young people out of this Palace. Like people in all parts of the House, we want to encourage more and more young people to take an interest in politics and party politics. I spend considerable time in my constituency going round secondary schools in particular, although I also visit junior schools, to meet fifth and sixth-formers, because they are developing an interest in politics. We have a free and encouraging exchange of questions and answers. I believe—

**Mr. Kidney:** Will the hon. Gentleman give way?

**Sir Nicholas Winterton:** I will give way to the hon. Gentleman because of his huge involvement in local government and the aid that he is giving to those counties that have been underfunded in education.

**Mr. Kidney:** I was shoulder to shoulder with the hon. Gentleman on the Modernisation Committee when we wrote the report recommending that we consider using this Chamber for young people to debate, set in the context, if I may remind him, of supporting citizenship education in this country. I know that he is about to say, "Let's put them Upstairs in a Committee Room," so let me put the following argument to him. The youngsters of the Youth Parliament debated in Committee Room 14 and performed in an exemplary way. They were rewarded by next being able to debate in the House of Lords, where, as we have heard, they also behaved in an exemplary way. What is wrong with now rewarding them with the pinnacle of our Parliament, being able to debate in this Chamber?

**Sir Nicholas Winterton:** The hon. Gentleman always expresses his arguments in a most persuasive and constructive way, but he and I differ. I believe that either Committee Room 14 or the Grand Committee Room would be ideal chambers for the Youth Parliament to meet in and to have debates. Let me pick up the moving remarks of the Liberal shadow Leader of the House, who said that nobody is more loyal to this Chamber and believes more strongly in its integrity and that of the House than him. Looking at him eye to eye, let me say that I do not think anyone could fault my support for the Chamber of the House. In recent times, almost my sole raison d'être for remaining in this place has been to restore to the House more authority over the conduct of its business. For that reason and my total commitment to the integrity—and, yes, sovereignty—of the House, I take the position that I do.

I am not against young people in any way. I have eight grandchildren, and seven of them are boys—one girl. In fact, the latest boy—*[Interruption.]* Does the Deputy Leader of the House want to intervene?

**Chris Bryant** *indicated dissent.*

**Sir Nicholas Winterton:** What I am saying is that people fight elections to enable them to sit on these green Benches, and we should not underestimate the

*[Sir Nicholas Winterton]*

status of being elected to come and take a seat in this House. The House is easily carried away, perhaps on what people believe to be political correctness and appealing to young people. If there were the referendum that Labour Members have talked about, I wonder whether its result would be what they believe.

I say, in particular to the hon. Member for Reading, West, who, sadly—I say this with emphasis and sincerity—is leaving the House at the next election, and we will be deprived of his outspoken comments that occasionally enliven debates in this place—

**Martin Salter:** Is the hon. Gentleman seriously suggesting that he is staying on?

**Madam Deputy Speaker:** Order. As I said earlier, we have limited time left, and I want the discussion to be on the motion before the House.

**Sir Nicholas Winterton:** I hope, Madam Deputy Speaker, that you will allow me to respond briefly to the challenge. The answer is that I have been reselected to stand—

**Madam Deputy Speaker:** Order. Many Members hope to catch my eye. Will the hon. Gentleman conclude his remarks?

**Sir Nicholas Winterton:** Of course I will.

**Mr. Greg Knight:** Will my hon. Friend give way?

**Sir Nicholas Winterton:** Of course.

**Mr. Greg Knight:** I am most grateful to my hon. and young Friend. Does he agree that if the debate does not conclude today and is resumed on another day, it would help many of us if the Deputy Leader of the House were to circulate a list of the conditions that he considers appropriate to attach to the use of the Chamber by the Youth Parliament? None of those conditions are mentioned in the motion. The Deputy Leader of the House has gone some way towards allaying many fears today, but there should be a list of his proposed rules of the game, as it were, if the matter proceeds further.

**Sir Nicholas Winterton:** My right hon. Friend's intervention has been extremely helpful.

**Chris Bryant** *rose—*

**Sir Nicholas Winterton:** Before the Deputy Leader of the House intervenes, let me give a commitment. If such an undertaking is given, I will myself examine the criteria that will form part of the information provided by the Leader of the House about the basis on which the Chamber could be made available to the UK Youth Parliament, and I will certainly review the position that I am currently taking.

**Chris Bryant:** I very much hope that the hon. Gentleman means that he will not only review his opinion but revise it. I suspect not, but I am more than happy to make the commitment suggested by the right hon. Member for East Yorkshire (Mr. Knight), who chairs the Procedure Committee. Let me add that I think it right for there to be no still photography in the Chamber. That applies to us when we sit here, and I think it should also apply to the UK Youth Parliament if it does so.

**Sir Nicholas Winterton:** The Leader of the House has given a very fair response, but I cannot give a commitment to revise my opinion; I would review it. The hon. Member for Reading, West read out an extract from a 2004 Select Committee report which referred to reviewing the matter, rather than making a decision to use the Chamber.

**Sir Patrick Cormack:** On a point of order, Madam Deputy Speaker. In view of slightly conflicting statements that have been made, including some from the Chair, will you clarify whether it is your intention to put the question at 6 pm regardless, or whether there will indeed be an opportunity for the debate to be resumed on another day? My hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) is basing his excellent speech on the assumption that that is the case, and my hon. Friend the Member for Christchurch (Mr. Chope), who has not yet moved the amendment selected by Mr. Speaker, obviously believes it to be the case. You yourself said that the proceedings had to conclude at 6 pm. Will you kindly confirm, for the benefit of us all, that we can resume the debate on another day?

**Madam Deputy Speaker:** The ruling that I gave was that the debate had to conclude by 6 pm. That is why I have urged Members to make their contributions brief. The hon. Gentleman will, however, be aware of the procedures of the House. If the debate is still continuing at 6 pm, it will be adjourned.

**Mr. Chope:** In the light of the helpful intervention by the Deputy Leader of the House, does my hon. Friend the Member for Macclesfield accept that the Administration Committee, which is already keen to have a report on the subject, is the appropriate vehicle for consideration of the detail of this proposal?

**Sir Nicholas Winterton:** I think that I have made the position clear. I am not sure whether the Deputy Leader of the House is actually sympathetic to the idea that there should be further debate on the subject in the light of additional information that the Government will provide on the basis that, once a year, the Chamber might be made available to the UK Youth Parliament.

Let me return to my fundamental objection. I fought long and hard to get into the House. There are people who fought many more elections before they got into the House, and I respect them for their determination and commitment to serve this nation as Members of the House of Commons of the United Kingdom. I repeat that I take the views expressed by the Liberal spokesman, the hon. Member for Somerton and Frome (Mr. Heath), very seriously indeed.

6 pm

*The debate stood adjourned ( Standing Order No. 9(3)).*

*Ordered,* That the debate be resumed tomorrow.

**The Deputy Leader of the House of Commons (Chris Bryant):** On a point of order, Madam Deputy Speaker. This point of order is not in relation to the debate we have just had. The shadow Leader of the House raised a point of order earlier this afternoon about the publication of the list of Ministers' interests, which he was concerned might have been leaked to newspapers before it was

made available to the House. In fact, the report in the *Evening Standard* refers to matters that have been published in the Register of Members' Interests and are not in the list of Ministers' interests, but I thought it would be useful for all Members to know that it is available in the Library and the Vote Office.

**Madam Deputy Speaker (Sylvia Heal):** I thank the Deputy Leader of the House for that clarification.

**Sir Patrick Cormack** (South Staffordshire) (Con): On a point of order, Madam Deputy Speaker. I am sorry to transgress on your time again, but as there is great interest in the subject we have just been debating, I think it would be extremely helpful to all those present if the Leader of the House were able to indicate when "tomorrow" will be.

**Madam Deputy Speaker:** I think that is a matter that the Deputy Leader of the House will be able to convey to hon. Members at another—

**Chris Bryant:** Tomorrow is another day, Madam Deputy Speaker.

**Madam Deputy Speaker:** I am, indeed, only too well aware of that.

## PETITION

### Planning and Development (Cheshire)

6.1 pm

**Mr. Stephen O'Brien** (Eddisbury) (Con): I am very pleased to have the opportunity to present a petition on behalf of my constituents—based mainly in Tarporley—following the collection of signatures by a sincere and unselfish, but concerned, community action group. It has managed to gather in a very short space of time many hundreds of signatures, and it has my full support in objecting to the resubmission of an application for a so-called continuing care community development in the Tarporley area. It is through petitions that Members have the opportunity to stand up for both proportionality and balance in our communities. While planning is not a matter of immediate relevance to this House, it is vital that we state any objections on the public record through petitions.

The petition states:

The Petition of residents of Tarporley and surrounding areas,

Declares that Vale Royal Borough Council should reject the planning application reference 08-2866-FUM for the development of a continuing care community on land adjacent to Heatherways, Tarporley, due to the negative impact on the village and its amenities that such a development would cause.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Communities and Local Government to indicate to Vale Royal Borough Council that this application is not substantially different from the previous application 08-0779-FUM and so must therefore be opposed by Vale Royal Borough Council for the same reasons; and instruct Vale Royal Borough Council to place on public record that due to the negative impact on the village and its amenities such a development would cause, the proposed site is confirmed as unsuitable for such a development in the future.

And the Petitioners remain, etc.

[P000328]

## Flooding in Somerset

*Motion made, and Question proposed,* That this House do now adjourn.—*( Mr. Watts.)*

6.3 pm

**Mr. David Heath** (Somerton and Frome) (LD): I am very grateful for this opportunity to raise an issue that is of enormous importance to my constituents: the flooding that we in Somerset repeatedly experience, and most recently over the Christmas period and early in the new year. I was a victim myself, as I have already told the House; my car was washed away with me in it. That was a rather unpleasant experience, and it is not one I would care to repeat. Others, however, had much more serious experiences. Unfortunately, an elderly gentleman died in his car in similar circumstances in my constituency, and many people's houses were flooded, and a substantial number of them have not returned to their dwellings even now.

Somerset is a wet county. It is a very green county, but the reason is that it rains a lot. We recognise that floods have always been a part of Somerset life. Indeed, the centre part of Somerset, what is now called the Somerset levels, was once the great mere—a large inland lake, since drained, but which reverts to a flooded condition for large parts of the winter months.

More recently, we have seen a repetition of flooding beyond the normal seasonal flooding. Often, it is not directly from watercourses but is surface-water flooding, which is of concern. Frankly, it is stretching the resources of people who live in the county and the services that deal with them to the limit. I visited the villages of Queen Camel and West Camel when they were flooded. I went to Marston Magna, which is not in my constituency but that of my hon. Friend the Member for Yeovil (Mr. Laws), where the pub was flooded and cut off. I have since been to the parish councils to talk about flooding in Bridgehampton and in Ilchester Mead, which is close to the A303. There were serious flooding incidents in Ash and in Martock. Over this weekend I am visiting Stoney Stratton, where a very serious flash flood is still causing concern, as it has not been properly addressed by the local authorities. Some 30 cars for sale at a garage in a village called Anchor Hill, in Holton, were lost as a result of flooding from the watercourse there.

So these are serious matters for my constituents, and I want to set out some of the arguments for further action, some of the things that have already been done in Somerset that are good role models for elsewhere, and some of the areas where a combination of Government, local government, the Environment Agency and other agencies can make a significant difference. Of course, we look at all this in the context of what the Pitt review had to say about dealing with flooding in areas such as ours. I hope that much of what I say will be consistent with that view and with the Government's view.

Let me give a specific instance that I raised with the Secretary of State during questions to the Department for Environment, Food and Rural Affairs: the flooding of the Countess Gytha school in Queen Camel. It has repeatedly flooded and its pupils have repeatedly needed to be evacuated and moved into alternative accommodation. I was on hand when temporary classrooms were put in to replace the flooded ones over the Christmas period, but what is clearly needed is for that school to be

*[Mr. David Heath]*

relocated. It is by the side of a river that constantly breaks its banks and floods the premises. The county council understands that and is looking at the feasibility of moving it.

The problem will be the capital programme and using the money made available through the schools programme to bring forward a project that is not currently a high priority within that programme. I asked the Secretary of State whether he could bring to bear any pressure on his counterparts in the Department for Children, Schools and Families to make a temporary arrangement for the county council in order to enable that. I have yet to have a formal response to my letter following my question in the House, and I look forward to that. I impress upon the Minister that this is a matter of great urgency for that community. Somerset county council is doing what it can within its resources, but it would like to make a move next year and it probably needs Government help to do so. I wonder whether there is any way of unlocking that money. It seems sensible in any case that we deal with facilities such as schools and make them flood-resilient as a matter of public policy. That issue has perhaps not yet been properly addressed within Government.

My second point concerns the desperate need for proper maintenance and drainage works across the county. I say that not to criticise the work of the Environment Agency or the county council, but simply to say that the present facilities—the storm drains and drainage ditches—are insufficient to meet what appears to be the need. No amount of wishing new construction will make the difference needed. A step change in facilities is needed to remove surface water effectively and efficiently to prevent some of the flooding.

The problem is often exacerbated by blockages in existing drains and ditches, which is where the issue of maintenance comes in. I know that the Environment Agency and drainage boards are aware of that issue, and would like to make further progress, but as always, we come back to resources. Because we are dealing with a large rural county with an awful lot of watercourses, it is hard to stretch the resources sufficiently to make a difference. I am convinced that if we had proper dredging of some of our rivers and proper clearing of debris and strengthening of banks on some of the smaller tributary streams, it would make a substantial difference to the way in which we deal with these matters. This is where the Pitt review proposals come in, and it is how we arrive at a common view of where the priorities lie. We might then try to unlock perhaps a little more resource than there is at the moment.

Somerset has been knocking on the door on this matter. We recognise that the Government have, inevitably, been looking at areas that were seriously affected last year, and I do not criticise them for that. Gloucestershire and Kingston upon Hull were clearly areas of priority, but I think that Somerset is as well. We did not feature in that particular incident—almost uniquely. It was unbelievable that we had major flooding incidents all across the country but that they did not affect Somerset. That was a reverse of the normal state of affairs, but simply because we missed out in that case, it does not mean that we do not have significant problems, which I would like the Minister to address.

**Mr. David Drew** (Stroud) (Lab/Co-op): Will the hon. Gentleman give way?

**Mr. Heath:** I mentioned Gloucestershire, so it is only fair that I do.

**Mr. Drew:** I thank the hon. Gentleman for giving way. I know that the debate is on Somerset, so I shall be careful about what I say. In the proposals to deal with flooding in and around the River Severn, the idea of the barrage as a flood prevention measure has been floated—I use that word carefully. Would he agree that while there may be arguments for the barrage—I do not agree with them—they should be separated from the issue of flooding? Flooding should be dealt with in its own right and the barrage should be put on a separate pedestal and dealt with differently.

**Mr. Heath:** I agree with the hon. Gentleman up to a point. The situation in the upper reaches of the Severn is different from that of Bridgwater bay and the Parrot basin. I cannot categorically agree with him because a barrage would be a contributing factor—it would essentially act as a flood barrier at high tide for the River Parrot and its tributaries. I cannot entirely go along with his point, although I agree that they are separate issues and that we should not confuse the two.

On the point of maintenance and physical works, I should mention the important role of accurate surveying, and I do so not least because there is an important company in my constituency—Fathoms Ltd of Langport—with which I have had dealings in the past, and which employs experts in this field. It can make a significant contribution.

**Mr. Jeremy Browne** (Taunton) (LD): There is a major housing development taking place in Norton Fitzwarren on the edge of Taunton at the moment, but it is dependent to a large extent on flood alleviation schemes so that new residents are not exposed to the risk of flooding. Would my hon. Friend agree that it is absolutely essential that the Environment Agency ensure that the developers are vigilant in taking every measure to reassure people who are moving into housing of that type, and people who already live there, that the necessary flood alleviation work is taking place?

**Mr. Heath:** My hon. Friend is absolutely right, although I do not know the details of the Norton Fitzwarren scheme—I do know Norton Fitzwarren. The solution can be found on several different levels. We should not take floodplain that is necessary for water retention, we should ensure that flood alleviation schemes are in place to protect the development in question and we should make the houses resilient and build them so that they are resilient.

Let me move on to my third point, which is to do with river catchment management. I am a strong supporter of whole-river-catchment processes. We experimented with one some time ago—I was involved with the county council—with the River Parrot catchment area. We need to look much more holistically at whole-river-catchment processes. We need to find ways to retain water effectively and to prevent flooding at source in a much more effective way than we do at the moment. I am convinced that is the sensible way of managing river basins and I hope it will be given proper precedence.

My next point is about resilience. Somerset has been very good and there are some lessons to learn from the area. I invited the Secretary of State to come down to Somerset and I extend that invitation to the Under-Secretary. We have learned from hard lessons and the villages that are most prone to flooding have developed community ideas to provide resilience for individual houses, as well as ways of preventing the ingress of water and of making the houses resistant to water damage once water comes in. Those ideas are being spread as best practice not only in those communities but across all communities in Somerset. A lot can be done in that area that is not being done at the moment.

We need to recognise that the community response is an important factor. We need to identify people who have particular skills who can respond. One of my neighbours has a 4x4 and he is a member of a scheme whereby when there is bad weather, such as in the snows a few weeks ago, he is called in on a cascade system to ensure that doctors, nurses and ambulance personnel can get to people through the snow. That is a wonderful scheme and it is the sort of thing that we should be encouraging and doing more formally, so that we identify people with particular skills and ensure that they are available to help the community at the right time.

There are also basic things that parish councils can do, which work much better when they are localised, such as ensuring that they have warning systems. They know who the vulnerable people are, so they can immediately give support. There are systems that can tell people about likely flooding even more effectively than the Environment Agency provisions. That is partly a matter of making individual forecasting more accurate to a very precise location, but it is also about ensuring that people know about the forecast. For instance, one could get the fire brigade to drive through the village at night with the siren going, so that the warning does not rely on there being a phone connection or whatever and so that people are aware that there is danger.

It is about the simple things. I lost my car in my village under a railway bridge that flooded in the dark much more deeply than I had thought. If there was a flood gauge under that bridge, which often floods a little, I would have known immediately as I approached the bridge that there was deep water. However, I did not and it is very hard to judge, as the Minister will know, when it is dark. I have been encouraging parish councils, when they have known areas of likely flooding, to put up flood gauges. It is a simple thing to do and it is very helpful.

It is also a matter of design, to return to the point that I made in response to my hon. Friend the Member for Taunton (Mr. Browne). Sometimes, elevating a house when it is being built by about 3 ft makes all the difference between that house's flooding and its never flooding. It is very simple.

My final point is about inter-agency co-operation. I think that we are beginning to get that between the Environment Agency and local authorities. May I suggest one more agency that needs to be involved, which is the Highways Agency? One of the chief problems with flooding in my area, believe it or not, is the A303, a major trunk road that was designed to carry cars and lorries—although it was not designed terribly well for that purpose—but was not designed to prevent flooding. The result is that in some places it acts as a dam and in others it lets water through. That water then goes over large conduits and into water courses that cannot cope. We need co-ordination and understanding of those processes.

If I had time, I would also deal with insurance. It is a key matter, but many people in Somerset are finding it increasingly difficult to get repeat insurance. We have addressed the problem locally with insurance companies, and I know that the Minister has also been doing work in that area. I should like to hear what he has to say.

6.20 pm

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies):** I begin by congratulating the hon. Member for Somerton and Frome (Mr. Heath) on securing this Adjournment debate. He spoke in a measured and well informed way about matters of concern nationally, but he also brought his local knowledge to the debate. He gave very good local examples of how agencies respond to these problems, and of how people work together. I challenge those who say that community spirit no longer exists to examine what is happening in the hon. Gentleman's constituency.

At the outset, I should like to extend the House's sympathy to all the people around the country who have been affected by flooding. It is personally devastating and, as happened in the constituency of the hon. Member for Somerton and Frome, it can also lead to fatalities and injuries. Our thoughts go out to everyone affected, but there are things that we can do. In this debate, I hope that I can respond to the points that the hon. Gentleman made, and articulate what more can be done. Flooding is a major problem for him and his constituents, and for people around the country.

The hon. Gentleman said that he has had experience of flooding from rivers and as a result of surface water drainage. I have met several people who have gone through the trauma of flooding that has hit their properties and families, and in that context it is worth mentioning the Queen Camel school. I will not bore the House by going through the long history of that site's inadequate flood protection, but I will make sure that my colleagues in other Departments are aware of the problem. Like the hon. Gentleman's constituents, I want it to be solved. I note what he said about relocating the school: he knows that that is not in my gift, but I will make sure the matter is brought to the attention of other Ministers.

The Government fully recognise the importance of the effective management of flood risk. Based on the Pitt report, and on the experience that we have gathered as a result of some traumatic experiences over the years, we know what we need to do. The simple statistics show that we have increased investment in flood risk management to £650 million this year, a figure that will rise to £800 million by 2010. We have more than doubled the amount of investment from the level of the late 1990s, and it will reach a record of £2.15 billion over the next three-year spending commitment period.

I know that the House will welcome that, but there is more to be done. We must tackle issues to do with structure and organisation, and we must also look at what we can do, both nationally and with local input, in making choices on the ground. However, the investment that we have made in the past three years has helped to reduce flood risk significantly for more than 125,000

*[Huw Irranca-Davies]*

homes. Over the next two years, we hope to offer an improved standard of protection against flooding and coastal erosion for 145,000 more homes. We always base such figures on risk assessments, and that total will include 45,000 homes at the highest and most chronic level of risk.

There are various flood defence schemes in Somerset, and the hon. Gentleman's constituency of Somerton and Frome has received some flood defence grant in aid in the past. He will know about the work on the dam at Bruton, and about the schemes at Ilminster, Langport and elsewhere in the county, but—of course and as always—more needs to be done. Currently, we are developing a long-term investment strategy for flood and coastal erosion. It will look at the long-term funding needs and pressures for the next 25 years. That has to be the way forward. The strategy will also consider how the greatest value for money for the taxpayer can be achieved in delivering such investment.

Let me turn for a moment to the floods and water Bill. Our intention is to present the draft Bill for pre-legislative scrutiny and consultation within the next couple of months. The draft Bill is our opportunity jointly and collectively to consolidate the existing legislative framework, which is complex and unclear. It will allow us to bring together the regulatory regimes on flood defence and coastal erosion and to ensure—the point that the hon. Gentleman was making—that a co-ordinated approach is delivered on the ground. It will clarify roles and maximise joint working between all bodies, agencies and communities involved in flooding and coastal erosion. It will help to ensure effective protection on the ground.

Of course, we recognise—I am sure that the hon. Gentleman does so, too—that we have gone past the old shibboleth; it is simply not beneficial or practical to protect every acre of land and every inch of coastline, particularly as climate change increases storminess, wave heights and incidents of extreme heavy rainfall. So our focus rightly must be on the assessment and management of the risk. It must be on balancing likelihoods and consequences and ensuring that the considerable investment of taxpayers' money is used to best effect. So where investment is made, it must be done in return for significant reductions in the likelihood and consequences of flooding. It must take place where the greatest benefits can be achieved.

Let me in the time available turn to one helpful aspect: local levy funding. The Secretary of State for Environment, Food and Rural Affairs and I are interested in the approaches that can maximise not only what the Environment Agency and others can deliver, but what can be delivered in addition on the ground. Where a scheme may not meet the national priorities for funding, it may be identified as a priority by the regional flood defence committees, which can use local levy funding. For example, in Shepton Mallet, where a proposal for work on a critical watercourse did not have enough economic benefits to meet the national funding criteria, the proposed flood defence scheme is being considered for funding using Wessex flood defence committee's local levy funds of approximately £1 million to £2 million. The scheme is currently at the feasibility study stage, and it is hoped that the design will be finished next year and the construction completed in the following year. That is a good example of how real additionality can be achieved.

Let us turn to an example of a scheme with low benefits. Queen Camel has been mentioned. Some cases do not match the criteria. For example, recently in the hon. Gentleman's constituency, the benefits were low in Queen Camel. Following flooding in 2000, there was a proposal for a flood storage scheme that would have protected 27 properties. That scheme was brought forward for discussion. It would have cost about £8 million and provided for a one-in-25-year level of protection. On that basis and against the criteria, it was deemed not to be economically viable. That does not make it easy for the people who are on the receiving end, but I think that the hon. Gentleman will understand me when I say that we must act on the best assessment of risk and the best analysis. What else can be done?

**Mr. Heath:** We can argue elsewhere about the appropriateness or otherwise of that scheme. I am concerned however that some of the risk analysis is now out of date. One-in-25-year events are now one-in-three-year events. One-in-100-year events are now one-in-twenty-year events. I wonder whether we are keeping pace with what is happening to our climate and environment.

**Huw Irranca-Davies:** That is a valid point, and what we introduce in the floods and water Bill, or whatever it will be called, will address not only some of the structural issues but the long-term funding issues, as well as how we get the balance right in using national taxpayers' money to deal with what are deemed strategic, high-importance and high-risk areas and what element of that can be delivered either through additionality or otherwise. There are some interesting discussions to be had with some local input, because alternatives are sometimes close by.

In the past couple of years, we revisited the criteria for agricultural land. I know that this will not satisfy everybody, but the value or premium put on agricultural land for reasons of food security was looked at, and it was enhanced slightly. It will always be a case of balancing considerations such as the number of houses and the value of properties and businesses concerned. There is a balance between defence of a particular part of the coast, or a particular water catchment area, and defence of something elsewhere. That is tricky, I know, but I think that we are heading in the right direction.

I mentioned the issue of what else can be done, apart from the floods Bill. One aspect to consider is property-level flood protection. The Department for Environment, Food and Rural Affairs has announced the establishment of a property-level flood protection grant scheme, which stands to benefit properties in high-risk areas that are not protected by a community-level scheme. The scheme is run by the Environment Agency. It is open to local authorities to apply to it, on behalf of communities. The Secretary of State announced in December that £5 million will be available to spend on that measure. I understand that the Environment Agency has already been engaged by Somerset county council to consider a future application. I cannot make any comment on that, but it is good to see applications coming forward, including from Somerset.

On land management, the Government encourage a range of approaches to managing flood risk, and that was supported in the Pitt review. Land management practices such as the creation and restoration of wetlands and woodlands can contribute to the reduction of local flood risks—and as Minister with responsibility for biodiversity, among other things, I must say that they bring many other benefits, too. We should look at that. The issue is not simply about capital expenditure on big programmes.

I understand that in Somerset, and specifically in the hon. Gentleman's constituency, surface water was the cause of many recent flood events. In line with Sir Michael Pitt's recommendations following the floods of 2007, we are already—we are not waiting—encouraging better surface water drainage. We announced in December that £15 million would be available to help local authorities to co-ordinate and lead local flood management work, and that the legislation required to implement Pitt's response would be published in a draft floods and water Bill this spring. There are now six local authorities actively working on that. We look forward to the results, and to engaging with other authorities later this year.

The hon. Gentleman mentioned issues to do with water courses. Our aim is to ensure that the risk of flooding is as low as possible, and the water courses issues are an important aspect of that. The Environment Agency routinely considers dredging and vegetation clearance from water courses; it prioritises those issues. On raising awareness of flood risks, I think that he would applaud the "Think, don't sink" campaign that has run in the area, stressing the dangers of driving through flood water, of which everybody should be aware.

We are going in the right direction. We look forward to constructive engagement as we bring the floods and water Bill forward. There is a major challenge in front of us, and not simply for national Government; the question is how we engage people all the way down to regional and local government level, and how we engage communities themselves. The solutions, and the ability to find a way forward, lie in the hands of us all. We will increasingly be subject to major flooding incidents, right across the country—

6.33 pm

*House adjourned without Question put (Standing Order No. 9(7)).*

# House of Commons

*Friday 13 March 2009*

*The House met at half-past Nine o'clock*

## PRAYERS

*The First Deputy Chairman of Ways and Means took the Chair as Deputy Speaker (Standing Order No. 3).*

**Andrew Miller** (Ellesmere Port and Neston) (Lab): I beg to move, That the House sit in private.

*Question put forthwith (Standing Order No. 163).*

*The House divided:* Ayes 0, Noes 85.

**Division No. 69]** **[9.33 am**

**AYES**

**Tellers for the Ayes:**
**Mr. John Heppell and Andrew Miller**

**NOES**

Abbott, Ms Diane
Allen, Mr. Graham
Anderson, Janet
Baron, Mr. John
Bercow, John
Brennan, Kevin
Brokenshire, James
Browne, Mr. Jeremy
Bryant, Chris
Burden, Richard
Burgon, Colin
Burt, Lorely
Chope, Mr. Christopher
Clarke, rh Mr. Tom
Clelland, Mr. David
Crabb, Mr. Stephen
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Dean, Mrs. Janet
Devine, Mr. Jim
Djanogly, Mr. Jonathan
Dobbin, Jim
Dowd, Jim
Drew, Mr. David
Ellwood, Mr. Tobias
Farrelly, Paul
Fitzpatrick, Jim
Fiello, Mr. Robert
Follett, Barbara
Francis, Dr. Hywel
Francois, Mr. Mark
Hamilton, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Hendrick, Mr. Mark
Hillier, Meg
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Irranca-Davies, Huw
Jones, Mr. Kevan
Jones, Lynne
Keen, Alan
Keen, Ann
Kirkbride, Miss Julie
Kramer, Susan
Kumar, Dr. Ashok
Laxton, Mr. Bob
Lloyd, Tony
MacShane, rh Mr. Denis
Mallaber, Judy
Marsden, Mr. Gordon
McDonnell, John
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McIsaac, Shona
Merron, Gillian
Moffatt, Laura
Mole, Chris
Naysmith, Dr. Doug
O'Brien, Mr. Stephen
Olner, Mr. Bill
Osborne, Sandra
Pelling, Mr. Andrew
Prentice, Mr. Gordon
Prosser, Gwyn
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, John
Sheridan, Jim
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Thornberry, Emily
Vara, Mr. Shailesh
Walley, Joan
Watts, Mr. Dave
Wiggin, Bill
Winterton, rh Ms Rosie
Wood, Mike
Wright, Mr. Iain

**Tellers for the Noes:**
**Mr. Andrew Dismore and Mr. Michael Clapham**

*Question accordingly negatived.*

# Statutory Redundancy Pay (Amendment) Bill

*Second Reading*

9.46 am

**Mr. Lindsay Hoyle** (Chorley) (Lab): I beg to move, That the Bill be now read a Second time.

Today is an interesting day—Friday the 13th, red nose day. I hope that we do not have too many red faces on the Front Bench, let alone red noses. I am disappointed that, despite what seemed to be—and what I hoped would be—the sympathetic line being taken by my Government, some strange tactics were being used earlier in the week. Letters in the name of the Whip have gone out to certain Members asking them to come and speak against the Bill. I find that quite appalling and quite underhand. It is a very strange thing to do, especially when the Minister and I were still in negotiations on the Bill and had not yet met to come to an agreement. For somebody to prejudge those discussions is quite appalling, so I hope that there are some red faces.

**Mr. Andrew Dismore** (Hendon) (Lab): As my hon. Friend knows, I am a regular attender on Fridays. I have read no letters of that kind and I can assure him that I will not try to talk his Bill out.

**Mr. Hoyle:** I thank my hon. Friend for that assurance. I just hope that other hon. Members will do the same.

The Bill is important and I thank the supporters who have turned up today. It is a Bill—and a campaign—that matters. I would like to thank in particular the major trade unions and the smaller trade unions that have backed the Bill and worked tirelessly with their members to raise the profile of the issue and to rally support among MPs. I would also like to thank our people in the party who made the issue a manifesto pledge. We all stood on that manifesto, and it is one that I am proud to stand by, but it seems that some people wish to drop that pledge along the way. I find that very strange.

I would like also to thank the 178 colleagues from all parties who signed early-day motion 699 on the issue and the 11 colleagues, also from all parties, who have sponsored the Bill. There is cross-party support for the Bill, so it seems strange that the Government oppose it, but there we are. I thank the Secretary of State for Business, Enterprise and Regulatory Reform and the Minister for Employment Relations and Postal Affairs for meeting me to discuss the matter. In fact, we were still discussing it on Wednesday evening, because we had not reached agreement. We tried to change the Bill. We wanted to be amiable and remove any ambiguity from it, so for somebody to decide to try to scupper it while discussions were taking place is quite unacceptable.

**Paul Farrelly** (Newcastle-under-Lyme) (Lab): I congratulate my hon. Friend on introducing the Bill. My hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) and I have been in the same position, with regard to temporary and agency workers. Does my hon. Friend agree that it would be a great shame if any hon. Member voted against a closure motion or against Second Reading, particularly any hon. Member on the Labour Benches? They do not have to vote against the Bill.

**Mr. Hoyle:** My hon. Friend is absolutely correct. The Temporary and Agency Workers (Equal Treatment) Bill ended up being opposed and it caused delay for another 12 months: that did not help the people we are meant to represent. I hope that others who want to oppose this Bill will take note of my hon. Friend's words.

The Bill calls on the Government to link the value of statutory redundancy pay limits to the level of average earnings, which will ensure that future increases in statutory redundancy pay are linked to average earnings. Before discussing the Bill in detail, however, I would like to inform Members about how statutory redundancy pay is currently calculated so that they can understand why I am introducing the Bill.

The amount of statutory redundancy pay to which an employee is entitled depends on his or her age and length of service and pay. An employee who has been employed continuously for more than two years is entitled to half a week's pay for each complete year of service between the ages of 18 to 21, one week's pay for each complete year of service between the ages of 22 and 40 and one and a half week's pay for each complete year of service after reaching the age of 41. There is, however, a statutory cap on the amount of an employee's weekly pay that can count towards the entitlement to statutory redundancy pay. Since February, the limit has been set at £350.

When statutory redundancy pay was introduced back in 1965 through the Redundancy Payments Act 1965, the limit was set at £40, even though average weekly earnings for that year stood at £19.95, which meant that it was twice the average weekly wage when people first had the vision back in 1965 to introduce the SRP.

**Mr. Jim McGovern** (Dundee, West) (Lab): I congratulate my hon. Friend on introducing his Bill. He may be aware that yesterday in my Dundee constituency, a major employer, NCR, announced 250 redundancies, and while I am sure that the local Unite trade union official, Fiona Farmer, will attempt to negotiate some sort of enhanced package, does my hon. Friend agree that if there is no such package, it is precisely that sort of people whom his Bill will help?

**Mr. Hoyle:** I could not agree more with my hon. Friend. He is right that it is all about ensuring that we look after people who do not get an enhanced package. I had a conversation earlier today with my hon. Friend the Member for Stoke-on-Trent, South (Mr. Flello), who made exactly the same point—negotiations had taken place with Wedgwood to give a good package and enhanced payout, but tragically it went into receivership, so those employees lost tens of thousands of pounds and unfortunately ended up with the bare minimum. That just shows why this Bill is needed—to represent those people and others, because I can honestly say that there is not a constituency in the United Kingdom that has not been affected by the issue of statutory redundancy pay. We all have to do the best for the people we represent, and it is usually those people at the bottom of the employment league that we must look after most.

**Mr. David Hamilton** (Midlothian) (Lab): May I draw my hon. Friend's attention to another problem that people face? Now that we are in a downturn, multinational companies are taking the decision to lay people off, and on account of the poor terms and conditions on offer in the UK compared to Germany, for example, it is much more likely that a British worker is going to be laid off than a European one—and it is the European worker who is more likely to get an enhanced pay-off.

**Mr. Hoyle:** I could not disagree with that. In fact, the Business and Enterprise Select Committee took evidence on that, and I recall that three Opposition Members were sitting on that Committee when we took evidence relating to Peugeot and Vauxhall. One of the key issues that came out in that evidence was that it was cheaper and easier to get rid of someone in the UK, ensuring that people were more protected in Europe. It was people in the UK who suffered the most and who were the easiest to sack, so I agree with my hon. Friend.

**Mr. Mark Hendrick** (Preston) (Lab/Co-op): I congratulate my hon. Friend on introducing the Bill. Given the economic downturn, the financial crisis and the vulnerability of many people in our society today, is it not important that the Government do not get into the same sort of position as the banks? The banks would only give people money when they did not need it and when the economy was doing well; now that the economy is doing badly, they will not give people the money they need. We do not want a Government who provide an umbrella only when the sun shines.

**Mr. Hoyle:** Very good! My hon. Friend is absolutely spot on. It is all about helping and there has never been a more appropriate time than now to offer help, because we are a Government who care, who are meant to look after everyone, so I could not have put it better myself.

**Joan Walley** (Stoke-on-Trent, North) (Lab): My hon. Friend has mentioned the urgency of the Bill in respect of Stoke-on-Trent and north Staffordshire. Will he say a little about the importance of his Bill for women? Clearly, there are industries in the area that employ a greater proportion of women workers, who would stand to gain from the Bill.

**Mr. Hoyle:** My hon. Friend is absolutely correct about that—some will benefit more than others from the Bill, and women, workers in the hotel and catering trade and others in other sectors will be beneficiaries. My hon. Friend is spot on to say that the Bill is about helping women and others working on low pay and in poor conditions.

As I said, in 1965, the limit for SRP was set at £40, which was around twice the weekly wage, at £19.95, and it is interesting to note that that covered 96 per cent. of the working population. Since then, the relative value of the link to earnings has declined, and in 2008, just 40 per cent. of the working population were covered. That shows how much it has been eroded since 1965. It is only right, then, that we try to address this issue now, particularly given the economic circumstances that people face today.

I am aware of the limitations of attempting to achieve my aims through a private Member's Bill. Much to my frustration, we cannot propose a Bill that would significantly change expenditure. That is a feature of any private

Member's Bill and it helps to explain some of our frustration, but we are working within the terms of such Bills.

**John Bercow** (Buckingham) (Con): I am pleased to support the hon. Gentleman's private Member's Bill, as he knows. Although I do not wish to intrude on private Labour party grief, may I put it to him that Ministers should not seek to prevent the Bill from going into Committee because of any concern about costs? Precisely because the hon. Gentleman is simply suggesting that a link should be made, without being overly prescriptive about it, the Government still have the matter in their own hands. To prevent the Bill from making progress, when an important principle is being established, seems to me perverse.

**Mr. Dennis Skinner** (Bolsover) (Lab): The hon. Gentleman should chair the Committee for the Bill.

**Mr. Hoyle:** I thank my hon. Friend for that suggestion, and hope that the hon. Member for Buckingham (John Bercow) will chair the Committee considering the Bill or at least serve on it. I am sure that he would like to see fair wind given to the Bill, which is why I was so surprised and shocked to find out what was going on. I thought that we were negotiating a genuine agreement. Okay, I may not have persuaded the Government to go all the way, but I thought that they would be prepared to see how the Bill went and not to stand in its way. That has not been case, so I hope that there are some red faces in the Chamber, particularly of those responsible for sending out that letter asking Members to speak against the Bill. I think it is shameful and silly. I believe that even at this late stage, whispers are going round with the intention of preventing this Bill from making progress. I hope that people will rethink their attitude and that the Minister will have a word to call off what is happening as we speak. I look forward to hearing the Minister taking a more sympathetic line, because I take him at his word; I believe what he tells me. I think that he will be shocked and embarrassed by what we have found out.

**Mr. Skinner** *rose—*

**Paul Farrelly:** The Minister should intervene.

**Mr. Hoyle:** Yes, I would always give way to the Minister. I do think he is an innocent abroad; I am not too sure how far abroad he is at the moment, but there we are.

As I was saying, the relative value of the payments has declined, so a significant proportion of the working population now earn significantly more than what is offered, so it is only right to address the issue, particularly given the economic times. There is no better time than now. Some people say that now is the wrong time, but that is absolutely not the case. When people need us, it is the right time.

**Mr. Skinner:** It is the right time. The Government have, quite properly, said that now is the time to put money into people's pockets to give them a greater propensity to spend. They have done that for pensioners by bringing forward to January the biggest increase for about 30 years; they have brought forward increases in child benefit, tax allowances and all the rest of it. The idea behind what the Government are doing is encouraging the propensity to spend. My hon. Friend's Bill is seeking to do exactly the same, so let me say this to the Minister: do he and the Cabinet understand that my hon. Friend the Member for Chorley (Mr. Hoyle) and the rest of us are engaged in a practice here today of helping the Chancellor to put more money into the economy to help it recover?

**Mr. Hoyle:** I thank my hon. Friend, who always has good advice, not just for me but for the Minister and the Government generally.

**Mr. Dismore:** My hon. Friend is right that this debate is somewhat redolent of times past. He will have read, as I have, the unfair dismissal legislation, and will know that one of the building blocks of unfair dismissal compensation is the basic award, which is equivalent to the redundancy pay calculation. Will he confirm that the Bill would translate into unfair dismissal law, so that people who are unfairly dismissed, for redundancy reasons or otherwise, will still get the basic award, calculated on the basis of the redundancy pay assessment under the Bill?

**Mr. Hoyle:** Absolutely. I would expect that link to be kept in place, and we need to ensure that that happens.

We ask the Government to adopt new legislation, which would link the value of statutory redundancy pay limits to average earnings and ensure that future increases, if determined necessary by the Secretary of State, are also linked to average earnings. The level at which the SRP is linked to earnings is obviously for the Government to determine, and is not part of the Bill. The Bill is not about putting the Secretary of State in handcuffs, but allowing the Government to set the level. I want to ensure that we get that message across. If successful, however, the Bill will change statutory redundancy pay for the better—that is the key.

Until 2000, the statutory limit was reviewed annually by the Secretary of State, who made the decision whether to increase the limit, and if so by how much. That was very good. In 2000, however, the Government decided to replace the system with a new scheme under which the statutory limit is increased annually by the Secretary of State in line with the retail prices index. The danger with that at the moment is that the RPI could go below zero, which means that, in theory, statutory redundancy pay could be reduced, not increased. That would be absolutely absurd at this time when people will need help, and that is why the Bill is important. We need to reconsider and reword the legislation.

Although the earlier development in terms of the new scheme has been welcomed, and has resulted in an annual increase, statutory redundancy pay entitlement has not been reinstated to its original value in real terms. Therefore, by introducing the link to earnings, as opposed to the RPI, my Bill aims to change the formula that the Secretary of State uses, and would protect the value of statutory redundancy pay in the future. That is what is important.

**Mr. Dai Havard** (Merthyr Tydfil and Rhymney) (Lab): As my hon. Friend will know, Hoover, an iconic employer in my constituency, is making redundancies in Merthyr.

*[Mr. Dai Havard]*

Workers there have had a fight about redundancy pay in the same way as a lot of others. I am old enough to remember the arguments for the introduction of redundancy payments back in the 1960s. It was not about someone winning the lottery, having a windfall, or the incidental benefit of them spending the money. It was about giving them a cushion, and the ability to reorder their lives and engage in the training that they needed to move on, the very training that the Government say that they are so interested in—and I welcome their efforts to try to make that possible. The Bill is about more than people having money to spend when they are initially made redundant; it is about reordering their lives.

**Mr. Hoyle:** Absolutely. All these case studies are being cited not by me, but by Members who are appealing to the Government to take notice and listen. There is no better case than the one put forward by my hon. Friend. Indeed, there is not a Member in the House who has not had constituents affected by the credit crunch or by statutory redundancy.

**Judy Mallaber** (Amber Valley) (Lab): Will my hon. Friend comment on another example? I note that in the pre-Budget report a large amount of money was allocated precisely to give effective support to the unemployed to find new jobs. The Train to Gain programme and rapid response service were refocused to assist in that. Like others, I have a constituent who lost his job last week, at Denby pottery, and who assumed that he would get extra money, which he had planned to use for a specific training course that would help him get a new job. He has found that he also will probably get only statutory redundancy pay, which is unlikely to give him a sufficient cushion to undertake that training.

**Mr. Hoyle:** I agree with my hon. Friend, who has cited yet another case study. The Bill would help people by giving them a little more as they finish work; otherwise, they would have to try to claim benefits. The measure would give people a cushion and a little more dignity. It would help them to pay bills—perhaps for a credit card or a mortgage—because there is a gap between them losing their job and getting help with their mortgage. The Bill is one way to help to close that gap. As my hon. Friend has outlined, there are many reasons why we should give such support.

**Mr. Robert Flello** (Stoke-on-Trent, South) (Lab): I thank my hon. Friend for his kind words earlier about our conversation about Wedgwood. He mentioned mortgages. Does he agree that when obscene amounts of money are going to people who have got us into this mess, and those people do not have a problem with statutory redundancy limits, we should ask why on earth our hard-working people should have such problems?

**Mr. Hoyle:** Absolutely correct. I am pleased that that point has been made. We all know about the obscene pensions and pay-offs, and hard-working people always seem to be the ones who suffer. Those with the easy life at the top seem to be doing very well, and seem to benefit more from a pay-off than by working. That spells out the difference.

**Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): Does my hon. Friend also accept that people will have difficulty understanding politicians who seek to deny decent redundancy payments to workers while themselves receive generous redundancy payments when they lose their jobs?

**Mr. Hoyle:** Absolutely right. The majority of people get enhanced redundancy pay, especially those at the top of the tree—we never see them doing badly. We want to help those at the bottom of the tree. That is what we are here for, and that is why I was elected.

**Mr. David Crausby** (Bolton, North-East) (Lab): My hon. Friend is absolutely right. This is not a Bill for those who are in well organised trade union shops. The strong trade unions are perfectly capable of looking after themselves. This is a Bill for those who work for small employers and do not have the strength of the large trade unions. Those people deserve the protection of this Government.

**Mr. Hoyle:** Absolutely right. Those who do not have the protection of trade unions or whatever, rely on this House, and the measures that we can bring forward to protect them. The point cannot be better made than it has been by my hon. Friend.

**Paul Farrelly:** Does my hon. Friend agree that we should expect the Minister to go further than the Bill, and to prevail upon his Secretary of State in the other place to ensure that, in situations such as that at Wedgwood—where people are being done out of their enhanced severance agreements and banks have brought in receivers—where the banks have been state supported, they should, before repayment of their loans, respect those severance agreements?

**Mr. Hoyle:** My hon. Friend is absolutely right. The Government can go as far as they wish, but at the moment they do not wish to do anything. That is the shame. It is Friday 13th, but let us hope that it is not a bad day for all those whom we are meant to represent. Let us make it a Friday 13th that will be remembered for the good that we can do.

**Miss Julie Kirkbride** (Bromsgrove) (Con): I thank my Select Committee colleague for giving way. May I make a point that has not been made so far? The hon. Member for Bolton, North-East (Mr. Crausby) rightly pointed out that we are talking about people in the most vulnerable forms of employment, but does not the hon. Member for Chorley (Mr. Hoyle) worry about the timing of his Bill? We have all been told by employers that they are undecided about whether to lay people off. If employers thought that coming down the tracks was a heavier redundancy payment for their most marginal employees, might that not hasten their action in making redundant people who might otherwise have remained in employment?

**Mr. Hoyle:** A case can always be put for not doing something, but I would never have expected that from my colleague on the Committee. I know that she is aware of the importance of keeping people in employment, and that she is very good at putting a strong case. We stood shoulder to shoulder at the time of the Longridge redundancies, thinking of ways in which we could help

people. Well, the Bill aims to offer help in exactly the same way, and I hope that the hon. Lady will accept that it is being introduced at the right and the appropriate time. I know that she is very open-minded, and I look forward to her support in the Lobby.

**Mr. David Hamilton:** The expression "joined-up writing" is used in my area. Sending the Bill to Committee would allow us to do some joined-up writing. People must currently wait for training packages to kick in six months after they become unemployed, but we could provide for a "free flow" redundancy package enabling them to embark on training immediately, so that they could return to employment sooner.

**Mr. Hoyle:** I entirely agree with that. We need joined-up writing and joined-up thinking. We need everyone to work on the same side.

Of course the Government's objective is to help business and families throughout the country, in some cases by bailing out our major banks, as we did last autumn and are continuing to do. We cut VAT to help people by allowing money to circulate in the system. The Bill provides another way of allowing money to circulate, but it also targets that money on the people who need it when they lose their jobs. It is important for us to convey that message not just to the Department for Business, Enterprise and Regulatory Reform but to the Treasury.

**Mr. Bob Laxton** (Derby, North) (Lab): Let me take up that theme of getting the message over. The vast majority of the population, who have seen so-called ex-masters of the universe such as Goodwin—I prefer not to use the cuddly name "Sir Fred"— walk away with huge sums, would be rightly aggrieved and enraged if the Bill was not given a smooth passage. We are talking about only a small proportion of the sort of money that Goodwin and his ilk have received, and they have received it as a result of personal failure.

**Mr. Hoyle:** No one could disagree with that. My hon. Friend is spot on. There is real anger in the country when bankers receive those huge payoffs—I said bankers, with a "b"—and there will be real anger in the country if we do not stand by the people at the bottom of the tree.

As I have said, the Government have done a great deal to try to get money circulating. They have propped up the banks, made money available to small businesses and cut VAT. That was the right thing to do, but we also have a responsibility to respond to the problems of hard-working people. Job losses and redundancies are spread across the country, and no part of it is immune from the threat of further redundancies in the future.

**Mr. David Drew** (Stroud) (Lab/Co-op): The number of redundancies will be greater in this country because many firms on the continent already pay wage-related redundancy compensation. It is because of their higher redundancy costs that they will not lose their work forces. The Bill is an important measure which will keep people in jobs, as well as dealing with the circumstances that would arise were they to lose their jobs.

**Mr. Hoyle:** I agree. We should have a scheme that keeps people in work, rather than making it so much easier for them to be made redundant. We should be giving people extra financial help at the time when they need it most. I keep repeating this: the Bill is about helping people in their hour of need.

Members have rightly cited case studies. Let me now give an example. A Woolworths distribution fork lift truck driver working full time on the night shift earned a basic rate of £10.61 per hour, or £401.11 per week. Because of the SRP limits, that 55-year-old driver, who had worked for Woolworths for 20 years, received £8,580 in statutory redundancy pay. If the SRP upper weekly limit had been increased to above £401.11, he would have received £10,428, an increase of £1,848.95. I cannot understand why anyone would see a problem with giving that sort of help.

**Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): A Woolworths distribution centre in my constituency has just closed. More than 440 of my constituents lost their jobs overnight. Had my hon. Friend's Bill been in operation, they would have benefited.

**Mr. Hoyle:** My hon. Friend is absolutely spot on. He has seen the effects of the closure of that centre, and his constituents have come to him to put their cases, give their views and express their hope that the Bill will help—not them, because they have already suffered, but those who have not yet suffered.

The Woolworths case, and the Rochdale case that I mentioned earlier, highlight the need to ensure that the value of statutory redundancy pay does not continue to decline. Linking the value of SRP to earnings would secure real benefits for people throughout the country. It is not surprising that 178 MPs signed my early-day motion, and that similar motions have been tabled in the Scottish Parliament and the Welsh Assembly. Members of Parliament in all parties realise that during these difficult times we should be doing as much as possible to help people who lose their jobs through no fault of their own. It is strange that it should be those at the top of the tree—the management—who generally receive the pay-offs and, in most cases, affect the business one way or the other, while those at the bottom, who work very hard and do all that they can for the business, are given the rawest of deals. I want to ensure that those raw deals do not continue.

We need only consider the Woolworths employees. Those 30,000 people, many of whom had been poorly paid, were left to survive on the basic statutory redundancy pay. There was a branch of Woolworths in nearly every Member's constituency. Because we have already witnessed what happened when an employer like Woolworths goes under, surely it is right for us to stand up for people like those 30,000.

Many of the poorest paid employees are women and young people. There are still huge pay differentials in the workplace. I am sure that those women and young people would welcome any measure that would help to maintain the level of statutory redundancy pay. I have met people who have lost their jobs. Other Members have as well, and they will know the real difficulty that is caused by job losses. There is only one thing that we should be doing: supporting the Bill today.

As I said at the beginning of my speech, the Bill has received the support of the trade union movement. It is supported by, for instance, ASLEF, Community, the TUC, the GMB, TSSA, UCATT, Unison, Unite and USDAW.

**Mr. Jim Devine** (Livingston) (Lab): My hon. Friend has mentioned the support of Members of Parliament, trade unions and other bodies for the Bill, but he has not told us the reasons for the Government's opposition to it.

**Mr. Hoyle:** I am not here to apologise for the Government. I will let the Government do that for themselves. No doubt they will come up with some reasons, but, to be honest, there can be no reasons. All of us—the Minister, the Whips and me—stood for election on the basis of the same manifesto. Some of us respect and adhere to what we stood for then, while others, it seems, do not consider it appropriate to stand by their manifesto pledge. I find that very strange, and it worries people in this country, because they believe we mean what we say in our manifestos, so it is no wonder that they question the honesty of politicians. They should never do that, however, because I believe that we are all here for the right reason: to help our constituents. That is why we should stand together. I know my right hon. Friend the Minister is a genuine politician and is very understanding, and I still hope that, even at this late stage, he can help to ensure that this Bill passes its Second Reading and is sent into Committee.

**Mr. Dismore:** My hon. Friend emphasises how modest his Bill is. His red line is to do with weekly pay, but he has not sought to redefine the multiplier—the fact that people only get one week's pay for one year's service. Therefore, the fact remains that under the system of "last in, first out," the people who are suffering often have very short service, and even under his Bill they would end up with very modest sums.

**Mr. Hoyle:** There are many anomalies that we need to put right. This Bill is a start, and it represents the progress we are trying to make. We are not trying to put anybody into handcuffs, and especially not the Government. In fact, I have tried very hard to work with the Government to try to ensure the Bill can proceed.

**John Bercow:** The hon. Member for Hendon (Mr. Dismore) has just referred to the modesty of the Bill. If I understand clause 1(2) correctly, that modesty is underlined in triplicate there, because the responsibility will be to put together regulations within 12 months of the Bill becoming an Act, so there is no question of excessive haste. Instead, there is plenty of time for due consideration of what those regulations should contain, and therefore also of their cost. That is perfectly reasonable.

**Mr. Hoyle:** I thank the hon. Gentleman for that clarification. As ever, he is absolutely spot on and he explains his point most eloquently. I am sure that there are no closed ears on our Labour Front Bench—I am sure that everybody is listening to what the hon. Gentleman has said, and I hope they take that good advice on board.

I would like to place on record my thanks to all the bodies that have worked tirelessly both in terms of proposing a Bill on statutory redundancy, and in working with me to ensure that we mobilise an effective campaign to persuade our Government to support their own manifesto pledge and accept this proposal. I would also like to thank everybody who has worked so very hard, including in my office. Tireless workers have, in a very short space of time, brought this Bill together, and have brought us together today to try to ensure we get the numbers we need for this Bill to progress.

Members of the public from across the whole United Kingdom have contacted me to support this Bill, and we have learned that other Members are also being contacted and asked to support it. The Warwick agreement includes references to improving statutory redundancy pay, and we stood on an election manifesto to implement Warwick—so I say to those who do not think it is in the manifesto, that it is in it. In the light of this, I urge Members and the Minister to back the Bill, which will take one step towards helping people who are unfortunate enough to lose their jobs. In their hour of need, we should be giving them that support. I commend the Bill to the House.

10.23 am

**Mr. Jonathan Djanogly** (Huntingdon) (Con): I have listened to the debate and the internal Labour bust-up, including a review of the party's manifesto pledges, with some degree of amusement. However, I need to remind hon. Members that Britain is currently facing extremely serious and difficult economic circumstances. Unemployment continues to rise and company insolvencies are increasing rapidly during this prolonged and deep recession. Figures show that the number of companies collapsing increased by more than 250 per cent. in the last quarter of last year, and the knock-on effect of that increase, and of the recession generally, are startling. The amount of people out of work hit almost 2 million at the end of last year, which is the highest level since Labour came to power.

I am sure that the hon. Member for Chorley (Mr. Hoyle) honestly believes that his Bill will help employees, but from the Opposition's point of view it is, at best, an inappropriate reaction to the crisis that we are facing. Moreover, we are extremely concerned about the damaging effect that it could have on workers in the longer term. In diverting money away from the running of businesses, which could lead to more insolvencies, the Bill could undermine and damage the very workers whom it seeks to protect. Whether or not it is a panicked reaction to the financial crisis, I state now that we do not support this Bill.

What measures are in place for those who face redundancy? The first relevant source for many employees will be their contract of employment. A contract of employment will often stipulate an employee's entitlement on being made redundant. Such a contract must at least be in line with the minimum requirements for all employees, which are contained in the Employment Rights Act 1996. That legislation provides that employers must pay employees a minimum amount, depending on their age and number of years of service. Currently, the Act stipulates that employers are required to pay laid-off employees a minimum redundancy payment calculated by multiplying the length of service by a specified sum. That specified sum is calculated by multiplying the redundant employee's salary—up to a capped level—by a figure from 0.5 to 1.5, depending on the employee's age and length of service.

**Mr. Hendrick:** Is not the hon. Gentleman hiding behind a piece of legislation that his party opposed in the 1960s?

**Mr. Djanogly:** The hon. Gentleman can go back to the 1960s if he wants, but I will return to the matter of the current recession.

For example, for each year's service when the employee was aged between 41 and 64, 1.5 weeks' pay are factored in. There is a maximum of 20 years' service which counts towards the calculation. There is also a maximum limit on the amount that constitutes a week's pay under the Act. It is currently set at £350. That means that the maximum redundancy payment is £10,500. Importantly for our debate, however, it should be noted that pursuant to section 34 of the Employment Relations Act 1999, under existing law these sums already increase in line with inflation on an annual basis. I am not entirely sure whether the hon. Member for Chorley made that claim in his opening remarks.

The Bill would serve to increase the statutory maximum limit on the sum applied for a week's wage. It is currently capped at £350, but the Bill, in linking the cap to average weekly earnings, could increase it to as much as £500 on a one-off basis, and then maintain the link to average weekly earnings on an ongoing basis.

**Nia Griffith** (Llanelli) (Lab): Can the hon. Gentleman explain the logic of not linking redundancy pay to average earnings?

**Mr. Djanogly:** As I have said—and as the hon. Member for Chorley failed to say, I believe—the current legislation provides for increases in relation to inflation. I have the figures to hand: in 1998, the sum was £220; in 2004, it went up to £270; in 2007, it was raised to £310; and in 2009, it became £350. I am not here to make the Government's case for them, but the fact of the matter is that measures that the Government brought in have been increasing the amount, and I do not think that came out in the hon. Gentleman's comments.

**Mr. Hoyle** *rose—*

**Mr. Djanogly:** I am sure that he is now going to set me right.

**Mr. Hoyle:** Of course I am going to try to do so. I made the point that there had been increases. In fact, I made the point that we are in the very dangerous situation of having inflation falling and every other economic indicator dropping, and statutory redundancy pay could drop, too, because it is linked in this manner. That is why we want to broaden the link. I am sure that the hon. Gentleman would not want to support a cut in statutory redundancy pay, but that could happen under the current terms.

**Mr. Djanogly:** The economic situation changes, but I assume that the hon. Gentleman is hoping that we do not move into a deflationary economic situation. We will leave that to those on his Front Bench, who are at present doing a pretty good job of taking us towards such a situation. That is something we may have to deal with, although I hope we do not.

**John Bercow:** I understand, although I do not agree with, my hon. Friend's argument that statutory redundancy pay should not be increased in line with earnings because we are in economic bad times. As a demonstration of good faith on the issues, can he identify an occasion of economic good times in which he did support such an increase?

**Mr. Djanogly:** One does not have to support such an increase, because it is in legislation that it happens. My hon. Friend just mentioned good faith. He has also discussed how clause 1(2) provides for the Government, in good faith, to bring in regulations over 12 months, and I must say to him that it is the looseness of the Bill's wording that causes me great concern. Rather the opposite of what he maintains is the case, he should realise that the looseness of the Bill's drafting will mean that business does not really know what is going to happen, and that problem causes much concern.

The hon. Member for Chorley made the point that because money is involved, the format of the private Member's Bill makes it difficult for him to draft the measure precisely and he is therefore drafting on principle. He must appreciate that the Bill's implications for business are significant, and that when loosely worded Bills are presented to Parliament, people will have concern.

**Mr. David Hamilton:** May I draw hon. Members' attention to the current situation? Every hon. Member will have worries about their high streets. We face the possibility of an amalgamation of banks, and the tellers—the lowest-paid people—will be pushed into taking redundancy packages. How will the hon. Gentleman and other Front Benchers explain that although those at the top of the tree—the people who created the problem—are walking away with millions, we will make other people suffer, such as the young and the loyal workers who will walk away with the minimum redundancy arrangements?

**Mr. Djanogly:** The hon. Gentleman makes two important points. The first concerned the general state of the economy. I totally agree with him that this country, and its economy, is in an utter mess. We place the blame for that on this Government; their missed opportunities for reform over the past 10 years have led us to where we are now. His second point was that the poorest are having to bear the brunt of the situation. Of course it is very sad that working people are losing their jobs because of the failed policies of this Government, but it is also important to realise that the more wealthy one is, the more one suffers under these redundancy provisions.

**Several hon. Members** *rose—*

**Mr. Djanogly:** Let me finish my point, because it is an interesting one. When I discussed the Bill with several employment law experts who do not act for unions, they told me that the main shocks that they see involve wealthier people who think that the law will provide them with some form of fair redundancy—it does not. *[Interruption.]* But the law is right. Labour Members are maintaining that it works only against poorer people, but that is not the case, for the more wealthy someone is, the more the existing law is prejudiced against them. Someone earning a vast amount who asks their solicitor whether they are going to get a few months' pay because they are being made redundant will get the answer, "No, because it is capped." In our view, given the economic circumstances, that is right, but it is wrong for the hon. Member for Midlothian (Mr. Hamilton) to say that this is a problem simply for poorer people—it is not.

**Mr. Hoyle:** The hon. Gentleman has slightly missed the point, which is that the arrangement used to represent and help 90 per cent. of the working population, but it now helps only 40 per cent. That, in itself, tells him that the measures have been eroded over the years and that they have not helped in the way they should. Perhaps he would therefore like to reconsider what he has said. I respect his views and I know that he is more liberal than most on the Conservative Benches. I would have thought that there had never been a more appropriate time for this Bill than now, when people are struggling. Surely it is when people are struggling that one should give them help. He knows, as I do, that money is being found for family allowance increases and so on. This is a case where we ought to help those people now, just as we did with the minimum wage. There is no difference here. We should annually review these arrangements in the way that we stated. Why can he not support us?

**Mr. Djanogly:** Providing help to working people in this country means making sure that we have an economy that will create and sustain jobs, and that includes getting credit moving in a way that this Government are consistently failing to do. We simply believe that this proposal would be damaging to our economy, to our companies and to the workers who drive our economy.

**Judy Mallaber:** The hon. Gentleman has said that part of his opposition to the Bill relates to its vagueness and the fact that he does not know what would happen as a result of its introduction. Will he re-read it and note that it provides that the Secretary of State is required to make further regulations "within twelve months" and that those would be in the form of "statutory instrument" that would come back to this House and could be considered by it? Does he accept that that means that the Bill is not vague and that it contains procedures that would enable him and all other hon. Members to consider fully any proposals that come forward under it?

**Mr. Djanogly:** I am afraid that I cannot agree with the hon. Lady. As she points out, clause 1(2) states:

"The Secretary of State must, within twelve months of the day",

and so on. Subsection (3) states:

"Before making regulations under subsection (2) the Secretary of State must—

(a) have regard to the desirability of including in the mechanism an annual comparison",

and so on. That is pretty vague stuff; it is one set of possibilities backing up another set of possibilities, and she must realise that as far as business or indeed anyone else is concerned, it effectively means nothing—it means what the hon. Member for Chorley said in his speech and what might transpire; it does not mean what is in the Bill.

**Judy Mallaber:** What about subsection (4)? It states:

"Regulations under this section shall be made by statutory instrument."

That means that there will be every opportunity for the hon. Gentleman, if he wishes to do so, to oppose the regulations when they come back before the House.

**Mr. Djanogly:** That introduces a third level of what might happen; using statutory instruments means that things are basically decided by Ministers. I had thought that the idea of a private Member's Bill was to have the House decide things on the Floor of the House.

**Mr. Dismore:** I see red when I hear Conservative Members advance this argument that somehow the wealthy people—the Sir Freds of this world, whom we hear the hon. Gentleman standing up for now—are the ones who are going to suffer as a consequence of such a proposal. The fact remains that this measure is primarily aimed at helping the less wealthy. The numbers that the hon. Gentleman read out earlier are not significant sums to the wealthy, but they are significant to the less well-off people, who are less likely to have skills, more likely to be made redundant and more likely to be out of work for a lot longer than the wealthy people for whom he is making special pleading. The wealthy may well have resources to fall back on, unlike poor people who live from hand to mouth, and they are more likely to be able to be re-employed more quickly. His special pleading is a bit out of place.

**Mr. Djanogly:** I totally disagree with the hon. Gentleman's assertion that someone who earns more is more likely to walk into a job more easily in this current climate. It is possible that the opposite is true. In his earlier remarks he made an interesting point which I shall analyse later in my speech.

**Jim Dowd** (Lewisham, West) (Lab): On that point, I would assert that the person whom the hon. Gentleman has described would be the least likely to rely solely on statutory redundancy payments, and it is those at the lower end of the earnings scale who will be most likely to be entitled only to statutory redundancy arrangements if and when they lose their jobs. The higher up the pay bands one goes, the less likely it becomes that someone will rely solely on statutory redundancy payments.

**Mr. Djanogly:** Unfortunately, given the current economic situation, that is often proving not to be the case.

I maintain that the increase from £350 to £500 is considerable, and its impact on thousands of vulnerable employers and businesses could be substantial, with a possibly devastating knock-on effect on workers. The measures in the Bill would further burden employers, who will often have no choice but to make more redundancies as a result, in an attempt to consolidate their position and stimulate a revival. The British Chambers of Commerce has calculated that this one-off increase would cost businesses nearly £200 million this year. Revenue needs to be injected into businesses to encourage their long-term prospects rather than diverted by Labour in a short-term bid to appease the unions. If cash is clawed away from where it is most necessary, even more businesses may collapse, leading to even more redundancies and unemployment.

**Nia Griffith:** Like my hon. Friends, I am horrified that the hon. Gentleman spends so much time worrying about the better-off, who will clearly have other resources on which to rely and far more opportunities to find further employment. He must surely agree that the trade unions have often improved conditions for their people, and the concern under this Bill is for those

people who have not had the benefit of good trade union agreements, perhaps because they are in temporary employment or areas of under-representation by trade unions. The point of the Bill is to look after the very people who miss out most because they are not part of good, strong collective agreements.

**Mr. Djanogly:** If the hon. Lady thinks that I and the Conservative party are not concerned about the 2 million unemployed, she has seriously misunderstood what I have said. We accept that the unions have a part to play in the life of this country and in negotiating employment conditions. The question is whether legislation should be drafted purely on the basis of the unions' interests. I shall maintain that the interests of the country go beyond the narrow union interests that are on display today.

**The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden):** I am interested by the hon. Gentleman's line of argument. I accept completely that if the House is interested in helping people who face losing their job as a result of the recession, the redundancy pay package is only one part of the picture. But it is also the case that the Conservatives have opposed the extra Government spending in other areas, such the rapid response service—funds for which have doubled—and training places. If he opposes the redundancy pay increases in the Bill, is he also opposed to the extra expenditure elsewhere in the system for those who lose their jobs?

**Mr. Djanogly:** We cannot group every single Government measure—I should say "proposed" measure, because most of them have not actually been implemented—together and say that we support them. As the Minister knows, we have supported some, but not others. More importantly, we have made our own proposals, not least on loan guarantees, to which the Government came rather late in the day. They said that they would put similar proposals in place, but they have not yet delivered on that. It is not fair to say that we have been doing nothing or that we have failed to address the Government's proposals.

We are hugely concerned that, in this economic downturn and with unemployment already predicted to rise to 3.5 million, this diversion of cash will only add fuel to the fire. Essentially, the Bill could damage those whom it seeks to protect. Although some redundant staff will enjoy a short-term monetary gain, it could also have negative effects. First, the additional financial strain on companies could lead to more businesses becoming insolvent, so there could be fewer businesses to offer jobs once the economy begins to recover and, perversely, there could be more workers to compete for those limited job opportunities.

Secondly, the Bill may lead to employers ceasing to offer more generous contractual provisions in case of redundancy. As we have heard, some 50 per cent. of organisations offer workers more than the statutory minimum. In an attempt to improve conditions for those who enjoy only statutory protection, the Bill might indirectly harm a host of other workers. Thousands could potentially be put under pressure to renegotiate their contracts, and many new workers would simply be left with the statutory minimum.

Thirdly, the Bill might lead to employers looking to avoid its provisions. For example, they might seek to avoid potential payments by increasing staff turnover so that workers do not qualify for statutory redundancy, or through complex contractual means. More worryingly for workers, employers may simply be unable to pay the enhanced sum. Fourthly, the Bill might also lead employers to make workers redundant pre-emptively, for fear of incurring far higher costs by delaying the process in the hope of recovery. Young and newer workers, who are comparatively cheap to make redundant, would likely be sacrificed. Rather than softening the blow of redundancy, the Bill might actually make it more frequent and more financially painful, particularly for newer employees.

Finally, we need to appreciate that this measure is not designed to help the poorest employees. That is because increasing the maximum week's pay would provide no increase in statutory redundancy pay for the lowest paid employees—those earning less than £350 a week. To that extent, this Bill seems to be out of line with the Government's policy of "protecting vulnerable workers" and "supporting good employers". Indeed, it is quite feasible that the poorer workers who receive nothing under this Bill could have less job security because of the benefits given to higher earning employees.

So why would the hon. Member for Chorley introduce a Bill that supports only the better-paid employees? Let us put the potential negative impact of the Bill on workers to one side for the moment and consider the motivation for the Bill—the trade unions. It is clear that they are the driving force behind this Bill. The Warwick agreement made between the Labour party and the trade unions contained a promise to increase the maximum statutory redundancy payment, and the Bill is a belated attempt to fulfil that commitment.

The Bill has scant regard for the economic crisis facing Britain, and comes despite disastrous figures for businesses and the economy generally. It is nothing more than a thinly veiled attempt to save Labour's blushes in failing to honour the foolish promises made during the peak period of Labour's boom and bust era. Since coming to power in 1997, the Labour party has made concession after concession to the trade unions that fund it. During the boom years, the public—and, to some extent, business—paid little attention to that fact, while all appeared to be rosy with the economy. So despite the Government's obedience to union demands, businesses were willing to turn a blind eye while the economy remained stable. We need only look at legislation forced through by the Labour Government to see this. Among other measures, the working time directive and the Employment Relations Act 1999 are examples of legislation that is extremely favourable to the unions. For example, the 1999 Act introduced protection from dismissal during the first eight weeks of an official strike for workers taking part in industrial action.

**Mr. McFadden:** The hon. Gentleman is pursuing a dangerous argument. His party has spent the past two to three years trying to change its image and to say that it is no longer the "nasty party", to quote one of his colleagues, yet he seems to be embarking on an attack on a series of measures that were all designed to improve the lot of working people. That raises an interesting question. Is he saying that at the next election, whenever it should come, his party will say that it wants to reduce

*[Mr. McFadden]*

the rights to paid leave granted under the working time directive, for example? Will it reduce the rights to trade union recognition contained in some of the legislation that he cites? I do not know what was coming next in his speech, but I am sure that he will take my point. Is his party going to stand on a platform of taking those improvements away?

**Mr. Djanogly:** Again, the right hon. Gentleman generalises. If he thinks that we are happy with the Government's £10 million bung to the trade unions—the so-called modernisation fund—he should realise that we are not happy with it, and we might well consider those issues following a general election. In the run-up to the 2005 general election, the trade unions won more than 60 commitments from the Government on employment legislation. Since 1997, about 20 Acts and more than 280 statutory instruments have been passed that directly deal with employment law. In other cases, such as that of the Legal Services Act 2007, the unions have been exempt from regulations to which other entities have been subject. The Conservative party supports the interests of businesses, which include companies and their employees, and so we will act in their wider best interests and not in the narrow interests of the unions.

It is of little surprise that the unions also represent a considerable source of donations to the Labour party. Since 2001, trade unions have donated more than £76 million to Labour, equating to some 61 per cent. of all the donations that Labour has received. In 2006, Labour received a total of £11.8 million of donations, of which £8.6 million came from the trade unions—73 per cent. of the total. As we move deeper into the recession, Labour has become more and more reliant on the unions for funding. It is against that backdrop and that of the more specific obligations in the Warwick agreement that we view this Bill with a degree of suspicion.

**Mr. Dismore:** Effectively, the hon. Gentleman is saying that he is going to take his red pen out and redact great swathes of people's employment rights. This shows the real distinction between his party and ours. We believe in standing up for working people and protecting their rights, and he believes in taking them away.

**Mr. Djanogly:** I hasten to add that it is the hon. Gentleman's party that has been having an internal row today in front of the nation about whether it has been keeping its manifesto pledges. I have not come here today to give manifesto pledges for my party. I have come here to debate this private Member's Bill, and we believe that what has happened is indicative of Labour's increasing isolation from economic and business realities. Red tape is already choking businesses that are struggling to keep afloat, yet Labour MPs and MEPs are seeking to place further hurdles along the path to recovery. Labour MEPs have even been speaking and voting against the Government's position. They recently voted to remove British workers' ability to opt out of the 48-hour week. At a time when thousands are hoping to work as much as they can rather than face redundancy or poverty, Labour politicians are voting to reduce people's ability to work. Neither are we the only force of dissent. Business organisations and even the unions that the Bill seeks to placate have recently criticised the Government for failing to advance a unified, consistent strategy for tackling the recession. The Bill is another example of the Labour party's having lost its way.

The mass of new employment regulations over recent years has meant that the UK labour market has become increasingly inflexible, which will impact on our ability to come out of the recession. So we urge the Government to make the right decision and to be considerate of wider non-party political concerns. The narrow political interests of the trade unions and the outdated Warwick agreement should be irrelevant in the current economic climate. Will the Minister also confirm that the Government have no intention of getting around today's situation by invoking the time-bomb provisions of section 14 of the Work and Families Act 2006?

In looking to move out of the recession as soon as possible, we should be focusing on resolving the issues and challenges ahead rather than exacerbating the unfortunate consequences of past Government failures. The Bill is reactive, retrogressive and entirely inappropriate for the desperate economy that we have in this country today.

10.55 am

**Lorely Burt** (Solihull) (LD): I congratulate the hon. Member for Chorley (Mr. Hoyle) on sponsoring the Bill. As he said, it is Friday the 13th, and on a Friday I and the vast majority of my colleagues are normally working in our constituencies, so why are we here today? We are here because the Government have failed to deliver to the unions the promise that was made out before the general election and specifically in Warwick 1. The promise to link statutory redundancy pay to average earnings was also enshrined in the 2005 Labour general election manifesto, so it is no wonder that we are here today. Labour failed to fulfil its promise to its paymasters and, specifically, to the direct sponsors of many Members who were on the Government Benches earlier and who now seem to have gone—perhaps to the Tea Room. Business also donates large amounts to the Labour party, so the Government are between a rock and a hard place: if they please one paymaster, they will upset another.

The Conservatives, on the other hand, are not in thrall to two masters. They have only one: big business. Big business, as we have heard, does not like these proposals one bit, and nor should it.

**Mr. Djanogly:** Before the hon. Lady goes too far into how we are in thrall to big business, I want to point out that more than 50 per cent. of companies currently pay more than the statutory limit. She will find that those companies tend to be from big business.

**Lorely Burt:** I am grateful to the hon. Gentleman for that intervention, and I take his point. He said that big business should not like these proposals and I can understand that because they will increase the cost to business just when times are the hardest they have been for business in living memory.

My party and I are not in thrall to the unions or big business and we seek to steer a path that achieves fairness and prosperity for all. That is not easy, and in times such as these it is probably not even possible, but I am going to try.

It is worth considering the decision that we are being asked to make today in the context of the history. When the Redundancy Payments Act 1965 was introduced, average earnings were £19.60 and the cap was £40 a week, which was just over twice average earnings. That cap remained unchanged until 1974, when it was doubled to £80. However, there was no automatic mechanism to operate the cap until 1999. In 1999, the retail prices index was introduced as that mechanism. As wages regularly surge ahead of the RPI by an average of 1 to 2 per cent. in most years, the cap has fallen behind average earnings. At £350, it is now worth only 57 per cent. of what it was in 1999. A person who has worked all their life for a company can be made redundant with a maximum of £10,500 in redundancy pay. I personally feel that that is hardly fair compensation for a lifetime of work and dedication to one company.

To put the system into context, it is interesting to compare how generous we are in calculating redundancy with how generous our European neighbours are. Indeed, the hon. Member for Chorley kindly provided examples showing that countries such as Italy, Spain and France are much more generous than the UK. That is interesting but not necessarily relevant, because to make sense those statistics would need to be related to the relatively large burden of social insurance paid by employers and employees alike in those countries. High taxes are not the only cost; inflexible employment rules also make it harder to fire and less attractive to hire employees in those countries.

**Mr. McFadden:** The allegation is frequently made that it is easier to fire workers in the UK compared with other countries and that it leads to higher unemployment in the UK than elsewhere. If that were true, would unemployment in the UK not be higher than in Germany and France? In fact it is lower, so it seems to me that the frequently made allegation that it is easier to fire people in the UK is not reflected in the unemployment figures for the various countries usually cited as examples.

**Lembit Öpik:** I am grateful to the Minister for that intervention, although I wonder whether the degree of unemployment in other European countries is also related to other factors that are not necessarily linked to how easy it is to hire and fire. However, I take his point.

In the UK we have a relatively low-tax, more flexible economy, and that flexibility has gone against us in that the UK has sunk into recession faster than many of our European neighbours. My hope is that our flexible labour force and low set-up costs will enable us to be one of the first to climb out of the recession.

Let us consider the case against the Bill. For an employer it is the worst possible time to increase minimum rates of statutory redundancy pay. For the employee it is the best time; with more people being made redundant, they will need the money. In an intervention, the hon. Member for Bromsgrove (Miss Kirkbride) suggested that higher redundancy payments would make employers accelerate redundancies, but surely the opposite is the case. The more it costs to make someone redundant, the more likely it is that the employer will think twice.

The CBI says that the increased costs would reduce the savings made for each redundancy, so employers would have to make more people redundant. There is certainly a lot of wisdom in that statement. The CBI also says that the annual increase is intended to reflect living costs, so the retail prices index is a more appropriate tool for uprating the cap.

However, we have seen what happens when RPI is used as a measure: the amount becomes out of touch with the general standard of living for those who are working. The current maximum is 56 per cent. of average earnings—it was 200 per cent. when the measure was introduced. The rate paid to pensioners is now only 52 per cent. of what it would have been if Mrs. Thatcher had not withdrawn the earnings link during her reign. The Government have slowly but finally agreed slowly to restore the earnings link for pensioners. Surely the same principle should apply to redundancy pay.

The CBI cites the Government's "Success at Work" policy paper of 2006, and makes a point similar to that made by the hon. Member for Huntingdon (Mr. Djanogly): given that the Bill will take two years to come in and that it addresses only the upper limit, not the lower, it is not in keeping with the Government's policy of

"protecting vulnerable workers, supporting good employers".

The Engineering Employers Federation takes things a step further. It would be minded to support a minimum rate for redundancy rather than a new maximum, and suggests that the minimum rate should be £200. However, would that not disproportionately affect employers at the other end of the scale? Would not even more of the lowest paid workers lose their jobs as a result? I should be interested to hear what the Minister thinks about the EEF's suggestion.

The EEF commented that the proposals would disproportionately affect manufacturers because they pay relatively higher wages. Surely the real factor is the percentage of total wage costs compared to overall costs. I suggest that the impact would be lower overall.

I turn now to the benefits of the Bill. I do not accept the argument put forward by the hon. Member for Bolsover (Mr. Skinner) that giving people more redundancy pay would stimulate the economy—as in Keynesian economics. When someone has just lost their job and does not know when they will find another, the last thing they will do is splash out on a new freezer, carpet or conservatory. They will squirrel their money away. The rainy day has come and people need the comfort of knowing they have something to fall back on when the economic winter becomes even harsher.

Giving people some means of surviving economically until they can get back on their feet is right and fair. The Bill does two things. It promotes a method of calculating statutory redundancy pay that links it

"in such a manner as the Secretary of State considers appropriate, to average weekly earnings"

within 12 months. It occurs to me that there is a fair amount of wriggle room for the Minister or the Secretary of State to take fair and proportionate action. It would be above my pay grade to suggest exactly what that fair and proportionate action should be, but I am sure that the Minister has excellent advisers who could come up with some good suggestions.

Secondly, the Bill links the figure in subsequent years in

"an annual comparison...with average weekly earnings."

We thus know that if we are to have a cap it must be linked to something that protects the relative prosperity of our society and not to the price of a loaf of bread.

*[Lorely Burt]*

In conclusion, something needs to be done in the interests of fairness. I should like the Bill to make its way to Committee where the Government can propose amendments to make it a fair and realistic proposition that employers can cope with, or I should like the Minister to offer enough comfort to the hon. Member for Chorley so that, in the knowledge that the Government will introduce their own Bill, he does not push for a vote. The Minister is a man of great talent, and I am sure that with his advisers he can come up with a solution that is proportionate and fair for all.

11.8 am

**The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden):** I congratulate my hon. Friend the Member for Chorley (Mr. Hoyle) on his success in the private Members' ballot. The issue he raises in his Bill is important, both in itself and in terms of our response to very difficult economic times.

I begin with a note of caution: in our attitude to the Bill, we should be careful not to make a judgment about the whole recession and the set of economic circumstances we face. It would be a mistake, particularly for my colleagues on the Labour Benches, to judge purely in terms of our response to the measure whether we were acting in the interests of the working people we care about. They are at the heart of everything we do in response to the recession. I will have more to say about that in relation to the help offered to people who are in difficult circumstances, having lost their job.

As my hon. Friend said, people expect the Government's response to the recession to be focused on the concerns of ordinary families. They expect it to be about real help for those at the sharp end. That has been the central concern in everything that we have done in recent months. He suggested that on the Government's side, there had been some attempt to encourage people to speak against his Bill. I was puzzled by that suggestion. I have tried to find out whether that was the case, and I am told that it was not; it is certainly not something of which I have any knowledge.

**Mr. Dismore:** It was not very successful, if there was such an attempt.

**Mr. McFadden:** As my hon. Friend remarks, the evidence shows that that was not the case. When we intervene in response to the recession, it is very much because the interests of ordinary, hard-working men and women who do their jobs faithfully, day in and day out, are at the heart of our concerns. There is sometimes confusion about that: when people see us intervening in the banking system, or see us acting as an insurer or a guarantor of lending risk, they may feel that we are doing that purely because we feel concern for the banks, or indeed the investment bankers who took some of the decisions that led to the problems that we face, but that is not the case.

We intervene because a properly functioning banking system is an essential prerequisite of a modern economy. It is a basic necessity for companies that employ millions of people. Of course, banks are the home of the savings of the hard-working men and women who are at the heart of our concerns, and the home of the savings that those who have retired have built up over the course of their life. Although the intervention is in the banks, the concern is not for the bankers but for those who have invested their trust and their savings in the banks.

The same is true of the other measures that we have taken in response to the recession. We have taken a dual approach to the downturn, which involves both tackling its causes—the international banking crisis and the lack of adequate lending—and dealing fairly with the consequences. That means providing the right support for people and businesses. The Bill is concerned with support for people who are at the sharp end of what is happening in the downturn. For example, with regard to the credit crunch, we believe it is important to try to maintain lending to businesses, so that they can keep employing the people with whom the Bill is concerned, as well as lending to households, which is vital for growth and jobs.

The health of the economy also matters to banks, as growth and jobs determine whether borrowers can repay their loans, and whether the banks can make new loans. That is why the Government took decisive action in October and since then to ensure that the banking system does not collapse, and to ensure the certainty and confidence needed to get credit flowing again.

This is not just a British response. After the steps taken in October in the United Kingdom, similar action was taken by countries around the world. The detail of the response may differ from state to state, but across the world there is a common approach, which is to try to stabilise the banking system and engage in fiscal stimulus in order to restore confidence, get credit moving and ensure that the recession is shallower and less long-lasting than it might otherwise be. Our response is not just national; it is also about calling on other Governments to join us in taking action to get credit flowing again, because that is central to getting the world economy moving. Here in the UK, we have announced a number of measures to help businesses and employment. That is about delivering real help to businesses that are in urgent need of credit, which is important if we are to stop the job losses to which the Bill is designed to respond.

**Mr. Dismore:** My right hon. Friend is setting out a cogent case on the macro-economic position and the Government's overall policy, but will he nose his speech into the Bill? The Bill is not a red flag-waving measure; there is not a great deal of red meat in it. It is a modest measure. Will he please get on to the Bill, and say what he objects to in it, rather than giving a great macro-economic description of what is going on in the wider world?

**Mr. McFadden:** I will of course come to the specifics of the Bill, but the macro-economic context is important. I began my remarks by cautioning Members, and my hon. Friends in particular, not to judge the Government's response, or think that the public should judge the Government's response, to the recession purely in terms of our response to the Bill. That is why the wider context is of importance. I have great sympathy for the concerns that my hon. Friend the Member for Chorley outlined in his opening speech. It is absolutely right that working people should be at the heart of our response to the credit crunch. However, the issue has to be seen in a wider economic context.

We have set out an enterprise finance guarantee scheme—a £1 billion loan guarantee scheme, delivered through the banks, which will enable additional lending to businesses up until the end of March next year. The scheme provides a 75 per cent. Government guarantee on individual loans to viable businesses with less than £25 million of turnover through approved lenders. Some 26 businesses have taken up the scheme so far, with more in the approvals process. That is important in getting new credit to businesses, so that they can continue to operate and avoid the redundancies that the Bill seeks to address. That scheme is already operating. Loans are being made, and more than 80 per cent. of all applications registered by the banks are eligible for support.

The scheme is subject to sectoral restrictions, but my Department has succeeded in lifting restrictions from certain sectors, including the automotive, medical, health services and shipbuilding sectors. It is backed by the working capital guarantee scheme, which is on a larger scale. That scheme is not one to which individual applications are made; it allows banks to share more risk of lending with the Government, and thereby increase funds for lending. It involves businesses with a turnover of up to £500 million a year.

The guarantee is available to participating banks, and we are currently in discussion with Barclays, HSBC, Lloyds TSB and the Royal Bank of Scotland. They can use the guarantee to cover portfolios of lending to sound, creditworthy businesses with an annual turnover of up to £500 million. By guaranteeing portfolios of working capital, the package will release capital held by banks against those portfolios—capital that those banks have, in turn, agreed to lend to businesses with turnovers of less than £500 million. That will help to ensure that banks do not reduce or withdraw working capital lines on renewal; as those lines are short-term, they can be easy to cut. It will also ensure that banks have new capacity to lend to UK businesses, which are suffering from the withdrawal of certain lenders from the market. Those credit schemes are particularly important to restoring confidence and trying to avoid redundancies.

That is an important part of our response to the recession, but I come now to the specific response for people affected by job losses and what we are doing for them. A number of people are affected by job losses and short-time working. In essence, there are two elements to the context of the Bill: the economic circumstances that we face, and what we said we would do about the issue before the last election. I assure my hon. Friend and the supporters of the Bill that the issues raised by it are under consideration, although he will understand that I cannot set out the conclusions of Government discussions on these issues.

I share my hon. Friend's belief that people should have a fair deal at work, and next month we will see further improvements to people's employment rights through, for example, the extension of paid leave and the introduction of extended rights to request flexible working, to help people to balance the responsibilities of work and family life. I hope he does not mind me saying that, during the past week or so, we have discussed the fact that when pressing for a new or additional measure it is important not to ignore what the Government are doing for working people, which includes some significant changes that will come into force next month.

**Mr. Hoyle:** I am more than happy to put it on the record that I have been in discussions with my right hon. Friend, and with the Secretary of State. Quite rightly, we have been through this, and certain objections have arisen. I think the Minister will agree that we have to go a long way to meet those, which is why the Bill has changed. We were still in discussion as late as Wednesday night.

**Mr. McFadden:** We have had constructive and positive discussions, which is because we share an aim—

**Mr. Hoyle:** A common aim.

**Mr. McFadden:** We share a common aim, which is to ensure that people at work get a fair deal in our response to the recession. The context should be wider than the measures my hon. Friend proposes in the Bill.

This Government have introduced a number of measures that were attacked by the hon. Member for Huntingdon (Mr. Djanogly), but which I stand by. They include the extension of paid leave, the extension of flexible working, measures to help people to balance the responsibilities of work and family life, and measures to get lending flowing in the economy so that we can minimise the number of people who lose their jobs as a result of the recession. It is important to set discussion of the Bill in that context because, whatever happens to it—whether it proceeds or not—concern for working people will still be right at the heart of the Government's response to the recession.

**Mr. David Clelland** (Tyne Bridge) (Lab): I am listening carefully to my right hon. Friend, but what is it about this Bill that would prevent the Government from pursuing those laudable measures in any case?

**Mr. McFadden:** The Bill would not block those measures, and I do not suggest that it would. I say to my hon. Friend, my hon. Friend the Member for Chorley and others that it is important that we remember those measures, talk about them and ensure that the public understand that the Government have a response to the recession that has their interests at heart.

I shall deal now with redundancies because they are at the heart of what we are talking about. There is no doubt that redundancies are growing in number at the moment. Sadly, that is a feature of the recession not only in this country but right around the world. In the fourth quarter of 2008, there were 263,000 redundancies—significantly up on figures from recent years, although well below the levels of the early 1990s. Whether the numbers are higher than those of the recent past, or lower, each redundancy is still the story of a career cut short, not out of choice but because of economic circumstances, with all the worry and uncertainty that that causes for the people involved and their families. It is important that the Government do everything they can to help those individuals and the businesses that they depend on for employment.

Redundancy can occur for a number of reasons and it is usually implemented only after alternatives have been considered. No business wants to lose people that it does not need to. We have heard stories in recent weeks, for example, of companies reducing their employment through voluntary schemes, by restricting

*[Mr. McFadden]*

or suspending external recruitment, by reducing or eliminating overtime, or by seeking applications for early retirement. Employers can also try to avoid redundancy by maximising redeployment and training opportunities for those likely to be affected in the organisation. Sometimes, however, all those avenues are exhausted and, in such cases, employers turn to compulsory redundancy programmes, which is where people's statutory entitlements come to the fore.

There are two statutory definitions of redundancy, which are to establish the entitlement to a redundancy payment and to establish the right to be consulted collectively. Those are important because they are used to identify who is entitled to a redundancy payment and the amount that they will receive. If the employer is intending to make 20 or more employees redundant at one establishment during a 90-day period, the law requires the employer to consult employees. If the dismissal is wholly or mainly because of closure of the business, or a declining need for employees to do the work, the employee may be entitled to a redundancy payment.

Collective redundancies, as I said, occur where the employer needs to make 20 or more employees redundant at one establishment within a 90-day period. Under part 4 of the Trade Union and Labour Relations (Consolidation) Act 1992, there is a specific requirement in such circumstances for employers to consult appropriate representatives of the employees who may be affected. That means that where employees are represented by an independent trade union, the employer must consult a trade union official. Where employees are not represented by a trade union, the employer must inform and consult other appropriate or elected representatives. Issues that should be included in the consultation are the reasons for the proposals, the number of employees it is proposed to make redundant, the proposed method of selecting the employees who may be dismissed and the proposed method of calculating any redundancy payments that the employer proposes to make.

If an employer fails to meet the requirements of the legislation governing collective redundancies, an employee or the employee's representative may lodge an application for a protective award with an employment tribunal. That award focuses on the employer's failure to comply with the consultation requirements under the legislation. Employers should undertake meaningful consultation with a view to reaching agreement with employees' representatives. It is not enough simply to go through the motions of a consultation. The consultation should be fair and transparent, and be a two-way process. It should begin when proposals are at a formative stage and encourage an ongoing dialogue between employers and employees. The employer is also required to notify my Department of the projected redundancies.

Where it is proposed to make fewer than 20 employees redundant, employers are not under a specific legal obligation to consult employee representatives or to notify my Department. However, employers must warn and consult individual employees who are to be dismissed, adopt a fair basis for selection and take reasonable steps to redeploy affected employees.

**Mr. Dismore:** I am sorry to stick my nose into a fascinating speech, but the process for deciding who is made redundant and how it should be administered has nothing to do with the Bill and the calculation of the weekly pay element of the multiplicand. What does my right hon. Friend object to about that?

**Mr. McFadden:** I will certainly come to how redundancy pay is calculated and how it has changed over the years, but I believe that it is fair first to set out the context of the redundancy scheme and how it works.

Once the employer has identified how many employees are at risk from redundancy, the next step will be to identify the pool from which to select those to be made redundant and develop the selection criteria. We believe that, as far as possible, employers should use objective selection criteria that are precisely defined and can be applied independently.

**Mr. Hoyle:** My right hon. Friend might not be aware that Sky News is carrying a story that the Prime Minister is more than happy with the Bill. Will he reflect on that, and does he now believe that he can support the Bill? Instead of skirting around the outside of the Bill, will he now go into the depth of it?

**Mr. McFadden:** Sadly, Sky News is not available in the Chamber, and the Prime Minister has not communicated that to me.

Employers should, as far as possible, use objective selection criteria that are precisely defined and can be applied independently. Objective criteria should also help a business to maintain a balanced work force after the redundancies have been carried out. Some examples of selection criteria could be attendance, disciplinary records, experience, capability, relevant skills, competence and so on. It is important, as I have said, that those criteria are applied in an objective and even-handed manner, as that will help to avoid any complaints of unfair dismissal or discrimination on prohibited grounds.

None of that decreases the pain of individuals and their families when a redundancy takes place, but there is a process in place to make the system as fair as it can be in what are always very difficult circumstances. The system is also designed to ensure that employees are not selected for redundancy because of their sex, marital status, race, disability, religion, belief and so on. Selection for redundancy on the basis of trade union or health and safety activities, or because the employee was pregnant or on maternity leave, is also unlawful. Part-time employees and fixed-term workers are also protected from being discriminated against during the selection process. Selecting employees for redundancy for such reasons, if challenged, would result in an unfair dismissal case. The employer would have to show that the selection was conducted fairly and that there had been an objective analysis of the gathered information about the pool of employees.

It is also important that, when possible, an employer proposing to make an employee redundant should attempt to offer suitable alternative employment within the organisation. An employee made redundant could be found to have been unfairly dismissed if a suitable alternative position existed and was not offered to them.

Once the employer has selected the employees to be made redundant, he must give them notice of dismissal by reason of redundancy. The length of the notice period will depend on the employees' contracts of employment, subject to the statutory minimum periods. Those are at least one week's notice if they have been

employed for between one month and two years, one week's notice for each year if employed for between two and 12 years and 12 weeks' notice if employed for 12 years or more. Once an employee is given notice of dismissal because of redundancy, they are entitled to reasonable time off during working hours to look for another job or to make arrangements for training or future employment. The time off must be allowed during the notice period, although employees are entitled to time off in that way only if they have two years' continuous employment with the employer.

**Mr. Clelland:** I cannot help noticing that my right hon. Friend has a considerable sheaf of papers in front him. If the Prime Minister does support the Bill, will that in any way alter the content of the Minister's speech? Should he be sending out a runner to find out what the latest news is?

**Mr. McFadden:** I think that my hon. Friend will find that I am always happy to be guided by the Prime Minister, as are all Ministers of the Crown.

I was talking about how the redundancy scheme works. Upon making any redundancy payment, the employer must give the employee a written statement indicating how the payment has been calculated. If the employer fails to provide that statement without reasonable excuse, they could be guilty of an offence and fined up to £200. The Business Link website, which is an important source of information for all employers and the general public, particularly during the recession, hosts information that will help employers to calculate statutory redundancy payments due to their employees and produce written statements for each employee showing the amount of redundancy pay and how it was calculated.

It is automatically unfair and sex discrimination to select an employee for redundancy for a reason connected with maternity leave, birth or pregnancy. If the reason for redundancy is connected with other family leave—paternity leave, parental leave and so on—that is automatically unfair and may be sex discrimination.

I have outlined an individual's rights when faced with redundancy. As I said, redundancies have sadly risen in recent months. I told the House a few moments ago that, in the last quarter of 2008, there were more than 260,000 redundancies reported in the labour force survey, which is the highest level for some years. The quarterly redundancy figures in the recession in the early 1990s reached about 350,000—significantly more than we are now experiencing—but I do not seek to deny the urgency of the redundancy situation facing many people or the good motivation of my hon. Friend the Member for Chorley in bringing the matter before the House and asking what can be done.

Past recessions were sometimes felt in different ways around the country. At the moment, the highest proportions of redundancies are occurring in the south-east and the west midlands. As an MP who represents a constituency in the west midlands, I am sad to say that the largest increase in redundancies since the fourth quarter of 2007 has been in that region. The regional redundancy rates show that the north-east now has a rate of 15.8 per cent., up from 6 per cent. in the fourth quarter of 2007. That is followed by the west midlands, Wales, the north-west and Yorkshire and the Humber. The west midlands has seen the largest increase in recent times.

I am afraid that redundancies are increasing among all age groups. They are all experiencing more job losses compared with the same period a year ago. However, it appears that those in mid-career are often the worst hit. Men are experiencing more redundancies than women. Almost 70 per cent. of all redundancies are among the male work force. That figure, too, is increasing, and relatively young men are experiencing significant numbers of redundancies. The situation is affecting various regions and groups of people.

Sadly, people with lower levels of academic qualification are also being badly affected by redundancy. There has been an increase in redundancy across all qualification levels, but the biggest increase in the fourth quarter figures that I have quoted was among those with no qualifications. This reaffirms our view that one of the significant challenges in the labour market is to reskill and re-equip workers and to offer them one-to-one help in training. That is a significant part of our response to the recession, which is why I asked the hon. Member for Huntingdon whether he supported such measures in that regard and about his stance in opposing the Bill.

People with higher qualifications—those with NVQ level 4 or above—accounted for 27 per cent. of all redundancies before the recession really began to bite, but the proportion is 19 per cent. in the most recent figures. There has been a major increase in the number of job losses for those with qualifications that are not at degree or higher education level. Job losses for people in those groups increased from 9,000 in the fourth quarter of 2007 to 28,000 in the fourth quarter of 2008.

Probably the greatest concentration of job losses is in the construction industry, which saw an increase of just over 38,000 over the period—from 9,500 job losses in the fourth quarter of 2007 to 48,000 in the fourth quarter of 2008. The industry now accounts for 18 per cent. of all recent redundancies, up from 9 per cent. a year before. We also have large proportions of redundancies in manufacturing, and almost a fifth of all redundancies are in part-time positions. Some 49,000 part-time employees lost their job in the fourth quarter of 2008, up from 17,000 a year before.

One of the silver linings in this picture is that the labour market is still dynamic. Most people who lose their jobs find another one within six months. Nevertheless, it is important to set out to the House that this problem affects significant numbers of people and important industries in our country. We are, of course, particularly concerned with the long-term unemployed; that is why we have concentrated much additional help on those who have been unemployed for six months or more. We know that the longer people are outside the labour market, the more difficult it will be for them to find a new job.

In the constituency of my hon. Friend the Member for Chorley, and certainly in my own, memories are still fresh about the devastation caused to communities in the 1980s and the 1990s, when whole industries were wiped out. It is important to say that we will not take the same approach to this recession as was taken by the previous Government to the recessions that happened before.

**Mr. Dismore:** My right hon. Friend has now been speaking for well over half an hour. He has given us lectures on the economy, on the credit crunch and the

*[Mr. Dismore]*

Government's response on redundancy law and procedure, on discrimination law, on redundancy statistics, and on help for the unemployed in the labour market, and he is now going back to where he started—the recession. Is he ever going to address the detail of this extremely modest Bill? None of these issues has anything to do with the Bill, which deals with a straightforward, narrow point on the weekly multiplicand.

**Madam Deputy Speaker (Sylvia Heal):** Order. May I remind the hon. Gentleman that the decision as to whether the content of Members' speeches is relevant is determined by the occupant of the Chair?

**Mr. McFadden:** Thank you, Madam Deputy Speaker. I am afraid that I do think that these matters are relevant to the Bill, because the whole premise of my speech is that it should be seen in the light of the wider response to the recession. That is why how the redundancy system operates is relevant, as are the other measures that we have taken with regard to support to employers. Of course, I will come to the specifics of the Bill.

I was saying that we will have a very different response to this recession from the one that the Conservative Government took to recessions in the past. We do not see our role as simply to pay a benefits cheque, which may keep body and soul together but does not in itself help someone to make a new start—to seek out retraining or to build a new career. We cannot always prevent people from losing their jobs; no Government can do that, and we do not claim to be able to do so.

I gave the redundancy statistics a few moments ago. I know how painful redundancy is for those involved and for the communities in which they live. However, we will help them to get a second chance and to try to seek new opportunities when faced with the very difficult circumstances of redundancy. That is why we are providing a £129 million package of support for individuals facing redundancy or who are already redundant, and why we are making available 75,000 further education training places for Jobcentre Plus referrals at six months' unemployment. The pre-Budget report in November also announced additional funding to ensure delivery of support for everyone who is made redundant, including a doubling of the rapid response service and an additional £1.3 billion to support Jobcentre Plus. Our package of support includes golden hellos of up to £2,500 for employers who take on and train long-term unemployed people, precisely because we recognise that those who have been out of work for six months or more will find the most difficulty in returning to the labour market.

Where redundancies take place, the Government's rapid response service provides valuable help in trying to find a new job. We have doubled funding for the service and will double it again this year.

**Mr. Denis MacShane** (Rotherham) (Lab): We appreciate many of the measures that the Government have set in train. However, one matter concerns many of us, especially those from steel industry communities. In the rest of Europe, efforts are made to keep workers at work, with part of what might be a future unemployment subsidy transferred to allow that to happen. The Government are resisting such action, and I received a most disappointing reply on the matter this morning from the Minister's master in another place. Will my right hon. Friend try to get officials to think a little bit out of the box—a little laterally—and perhaps even learn some German or Dutch? They speak quite good English over there. Good things are happening in Europe, so will my right hon. Friend consider applying them to our steel industry? If not, we will face much graver problems, which could be avoided with a little more flexibility and innovation from the Department.

**Mr. McFadden:** My right hon. Friend is a skilled linguist, fluent in several languages, and I am sure that that helps him learn what is happening in other countries. Employers and trade unions have raised his point with us, comparing the package that we are making available with that in other countries, which can include a wage subsidy scheme for several months to try to stave off redundancies. I cannot announce today that we will launch such a programme—there are several other issues to consider, for example, deadweight costs of supporting employment that may disappear in a few months—

**Madam Deputy Speaker:** Order. I appreciate that the Minister is responding to an intervention, but I warn him against going too far down that road and getting too far from the Bill's contents.

**Mr. McFadden:** I am happy to accept your guidance, Madam Deputy Speaker.

As I said, our package of support for people who face redundancy includes extra help with mortgage payments after three months. Most people who lose their jobs manage to find another in six months, so the support is important to help people keep their home. One of the worst things that can happen when someone is made redundant is losing one's home, too. We are keen to minimise that and to offer help so that it does not happen in any more cases than absolutely necessary through a long-term inability to keep up with the mortgage.

The Bill deals specifically with redundancy payments and a fair deal for those who face redundancy. How we ensure that those who are made redundant are properly and fairly rewarded for their service is a fair question to pose to the House and the Government. In that context, it is important to examine the history of statutory redundancy pay and how it developed.

As my hon. Friend the Member for Chorley said, the principles of the scheme that we are discussing were devised in 1965, when Harold Wilson introduced the first statutory redundancy payments. The principles were embodied in the Redundancy Payments Act 1965 and essentially formulated in the report of an interdepartmental committee on redundancy, which was appointed in January 1963 under the chairmanship of Sir James Dunnett. The committee's terms of reference were:

> "To examine how far existing provisions by Government and industry for meeting the problems of redundancy are adequate to promote the mobility of labour necessary for economic efficiency and to provide security to workers."

The Dunnett committee based the theoretical justification for redundancy payments on two grounds, one economic and one social, of which the former was held to be overwhelmingly more important. The aim was to induce redeployment from overmanned to undermanned

undertakings rather than, as we might naturally assume, purely to assist with financial hardship. In other words, it was a labour mobility rather than purely a social welfare measure.

In the early 1960s, before the scheme was introduced, industry operated voluntary redundancy systems. Only around 15 per cent. of employees in manufacturing industry were covered by redundancy schemes, although most nationalised undertakings and the public sector had them. It was felt at the time that it was important to plug the gap in the country's employment structure to encourage workers to be prepared to move from one industry or part of the economy to another.

Obviously, we understand that workers might have been reluctant to move from an industry, which offered redundancy protection to another, which did not. The Dunnett committee concluded that the purpose of further action on redundancy should be to encourage greater efficiency in industry and contribute to economic growth. What we now regard as the fundamental purpose of redundancy schemes—to help with hardship after workers become unemployed and reward them for length of service—was perceived as a secondary consideration at the time compared with labour mobility. The redundancy scheme was seen very much as an economic measure and a cornerstone of the Wilson Government's attempt to harness the infamous white heat of technology.

It is important to recognise the context of the statutory redundancy payment scheme. As we know, Prime Minister Harold Wilson wanted to modernise the country and modernise industry. He wanted a scheme that would allow people to move from industries that were in decline to industries that were growing. He saw a statutory scheme as an important way of underpinning that. That is the context of the scheme, and that aim made sense when some industries had protection and some did not.

At the heart of the statutory redundancy payment scheme lie two elements. First, the calculation begins by working out the number of weeks of service that are payable. Secondly, the amount of the redundancy payment is calculated after taking into account the worker's pay and the limit in the scheme. At the heart of the Bill before us is the issue of the statutory upper limit, so it is interesting to note how it has changed—or not changed—over the years.

As my hon. Friend the Member for Chorley said, when the scheme was first introduced, the limit was set at £40, where it remained for nine years. Only in 1974 was it raised, to £80, where it stayed for a further four years. That was at a time of significantly higher inflation than we have now. From 1979 to 1997—the 18-year period in which the Conservative party was in power—the overall payment went up from £110 to £210.

We have made far more significant increases in the statutory redundancy limit since we came into power. When we came in, the limit was £210. The current level is £350. I am sure that my hon. Friend would acknowledge that the progress made by the Labour Government in that regard has been significantly better than the Conservative party's record of increasing the limit by £100 during 18 years in government. Later I will say a little more about the formula by which the limit is increased.

At the heart of the structure lie two elements: the number of weeks of service and the worker's pay. Workers receive half a week's pay for every year of service up to the age of 21. They receive one week's pay for every year of service between the ages of 22 and 41 and one and a half weeks' pay for every year of service from the age of 42. A total of up to 20 years of service can be counted.

Perhaps the easiest way to understand how the system works is to take a practical example. Let us imagine a worker aged 50 who has just been made redundant and who has 20 years of service in the job. Let us say that the worker earns £500 a week—that figure has been quoted as the ceiling that we should raise the payment to, but I will leave that aside for the moment. Under the scheme that we currently operate, his statutory pay would be capped at the £350 limit that exists today. Our worker has eight years of service past the age of 42, which means he is entitled to one and a half weeks' pay for every year of service, so he would receive 12 weeks' pay at £350 a week. In addition, he has served for 12 years below the age of 41, for which he is entitled to a further 12 weeks' redundancy pay—again at £350 a week. This 50-year-old's redundancy payment, then, would reflect a total of 24 weeks' pay, which, multiplied by £350, comes to £8,400.

However, if the same worker earns below the £350 limit, he will have his redundancy pay calculated on his actual weekly earnings rather than according to the £350 limit. If our 50-year-old were to earn not £500 as in the earlier example, but £250 a week, we would take his 24-week entitlement and multiply it by £250, which comes to £6,000. That is the difference arising from the different forms of earnings and the operation of the statutory limit.

I have talked about the change in the statutory weekly limit over the years, and I believe that Governments of both colours have probably let the real value of the limit slip, but I think that this Government's record over the past 12 years stands in stark contrast with that of the Conservative Government who preceded us. In fact, over the six years from 1991 to 1997, the limit increased by only £5 a week, whereas in the past two years under this Government, it has increased by a total of £40 a week. Clearly, we have a very different approach to these issues. Although my hon. Friend is pushing us to do more through his Bill, I am sure he would agree that Labour's record in the past two years of a £40 a week increase is significantly better than that of the Conservatives—even if we take inflation into account—who, over six years, confined the increase to £5 a week.

In tandem with the decline in the real value of the statutory redundancy limit, there has also been a gradual reduction in the rebate, which we have not discussed today, although it was an important aspect of the system when it was first introduced. At that time, the Government covered 77 per cent. of the costs. This rebate then fell to 50 per cent. in 1969, then to 41 per cent. in 1977 and subsequently to 35 per cent. in 1985. At that point in the mid-80s, the rebate was paid only to firms with fewer than 10 employees. In 1990, the rebate was abolished altogether. This matters to our discussion. Apart from the increase in the overall limit and reduction in respect of average earnings, what has happened over time is that the costs of the statutory redundancy scheme have in many ways shifted from the state to employers themselves, with the exception—I shall say more about it in a few moments—of where there is an insolvency and the state ensures that people do not lose out on their statutory payments by making payments out of

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the national insurance fund. For redundancies that do not revolve around insolvency, however, most costs are today shouldered by the employer.

When we came into office in 1997, we were clear that the pattern whereby the upper limit had increased by only £5 a week over the previous six years, and by only £100 over the whole of the 18 years for which the Conservatives held office, could not continue. In times of trouble, employees were missing out on much-needed help. The Government were anxious to address that situation, but in a way that did not put substantial new costs on to either employer or taxpayer. We wanted to insert a greater degree of fairness into the system. Therefore, in 1999, we introduced an annual uprating formula. That increases the weekly limit each year, in line with the retail prices index.

However, the matter is not as simple as that, because an additional benefit is built into the system for employees, to which my hon. Friend the Member for Chorley did not refer, but which has an important effect on how the uprating works, and has been influential in increasing the weekly limit by £40 over the past two years. After the weekly limit is worked out, and inflation is included, the resulting number is rounded up to the nearest £10.

**Mr. Hoyle:** I did mention that.

**Mr. McFadden:** I acknowledge what my hon. Friend says from a sedentary position. I am sure that he agrees, however, that it is an important feature of the system. It might not sound significant, but it means that the weekly limit has almost tracked average earnings for the past 10 years. In fact, for the past three years, the limit has increased by 6 to 7 per cent., which is well above average earnings in the same period.

One of my concerns about the Bill is that had it been operation for the past few years, redundancy payments might be lower than they are. The Government's current formula to increase redundancy payments by the RPI, rounded up to the nearest £10, has produced increases greater than average earnings in recent years. Therefore, one caution about the formula that my hon. Friend puts forward is that it might have the effect of reducing redundancy pay. That is not his intention, and I do not accuse him of it for a moment. He will agree that we would not want to replace the current formula with one that would cut redundancy pay.

**Mr. Hoyle:** In fairness, the Minister is being disingenuous. As I have said clearly, the formula is linked not only to average weekly earnings but to the RPI, so the position is covered two ways, not one as at present. He has it the wrong way round. The danger is that if inflation drops, statutory redundancy pay could drop rather than being increased. I am putting in the safeguard, and he ought to acknowledge that.

**Mr. McFadden:** I hope that I am not being disingenuous. What I am trying to do is explain the possible unintended consequences of my hon. Friend's suggested formula. Even if it reflected both average earnings and the RPI, I do not think that it would include the uprating to the nearest £10 which has proved so beneficial in the last couple of years. In fact, I would be cautious about accepting either of the formulae that the Bill suggests. As I have said, had either been in operation in recent years there would be a lower weekly limit than exists at present, whereas the interplay of the link with the RPI and the uprating has produced increases of about 6 to 7 per cent.

Another part of the context of the Bill is what we said in our manifesto, to which both my hon. Friend and the hon. Member for Huntingdon referred. We do take that argument seriously. The hon. Member for Huntingdon suggested, erroneously—and even the hon. Member for Solihull (Lorely Burt) made similar suggestions—that our action on redundancy pay was designed to please a sectional interest group. That is not true. Statutory redundancy pay is designed to protect workers who lose their jobs, whether or not they are trade union members, and to ensure—especially in cases of insolvency—that those with long years of service do not walk away with nothing. I do not believe that that constitutes acting in support of a sectional interest. It has nothing to do with the funding of the Labour party—that is an accusation that I would completely reject—but it does provide a measure of decency and fairness in the workplace.

When we have introduced the upratings and other measures that I have mentioned, relating to paid leave, to flexible working or to other areas of the economy, we have done so because of a basic belief in fairness. Our statutory measures are not just favours to trade unions, as has been suggested; they arise from a belief in basic fairness in the workplace, which should apply in all cases.

**Lorely Burt:** I entirely agree with what the Minister says about fairness, but given the Government's concession relating to pensions, which are now to be linked to average earnings, why can he not allow the same degree of fairness to operate in the area covered by the Bill?

**Mr. McFadden:** I can answer that in two ways. Is the hon. Lady suggesting—as I think she did when she used the word "paymasters" in her speech—that our action on pensions was intended to please trade unions, or anyone who funds the Labour party? That would be completely untrue. We took action on pensions because after a number of years it was clear to us that we had lifted about a million pensioners out of poverty by concentrating help on those with the lowest incomes. The time was right to provide a general uplift.

One of my reservations about adopting the Bill's proposal is the one that I expressed a moment ago. The current formula increases redundancy payments in line with RPI, rounded up to the nearest £10, and, as I have said, has resulted in a higher increase than the formula in the Bill would produce. If the concern of the hon. Member for Solihull and the backers of the Bill is to increase statutory redundancy payments, I am simply pointing out that the current formula has done that with some effect in recent years.

Let me move on to what we said before the last election that we would do. I know that my hon. Friend the Member for Chorley is a right and fair man—most of the time—and he said we should increase statutory redundancy pay. In the light of that, earlier in this Parliament we introduced a provision in the Work and Families Act 2006 to make a one-off uprating to the

limit through affirmative regulations. I think that that was attacked by the hon. Member for Huntingdon, who is not in his place at present.

**Bill Wiggin** (Leominster) (Con): The right hon. Gentleman has suggested that the Government are wholly motivated by altruism, but a rather helpful Library note makes it clear that there was a Warwick agreement in 2004, and the trade union Unite has categorised this particular legislation as "red" under its traffic light system, which means:

"Those policies and priorities where there is a disagreement between affiliates and the Government over interpretation or delivery."

Is the right hon. Gentleman in denial over the Warwick agreement?

**Mr. McFadden:** I am not in denial over anything we said before the last election, and I have just referred to—and, indeed, quoted from—that, so I am hardly in denial over it. What I am saying is that when we act to improve the position of people at work, we do so not to please any sectional interest, but because the Government believe in fairness at work. Sadly, that is not a belief that is shared by the Conservative party, as has been made very clear today. I completely acknowledge our manifesto commitments, and it is because of this belief in fairness that the position of people in work in the UK today is significantly better than when the hon. Gentleman's party was in power. If he went back to those days, he would find no rights to paid leave, no minimum wage and no right to flexible working.

Lest the hon. Gentleman be tempted to attack these measures too much, I add that it has been a significant part of his party's repositioning over recent years somehow to pretend that they like these measures. That mask appears to be slipping today, however. The Opposition appear to be reverting to type, and I think that people at work who look at the record of this debate will see the signals, and will know that the Conservative party appears to be setting itself up to promise at the next election a reduction in the rights of people at work. I am therefore perfectly happy to talk about what we said and what our motives have been in recent years.

I was referring to the Work and Families Act 2006 and the one-off uprating to the limit through affirmative regulations. We have not yet made use of these powers, in part because the weekly limit has grown strongly in recent years. Although I understand the wishes of my hon. Friend the Member for Chorley and the other supporters of the Bill, it is fair to point out the degree to which redundancy payments have been increased in recent years.

The Government have done something else to improve the existing redundancy regime, as well as introducing the uprating formula. Under the original scheme, service below the age of 18 did not count towards the redundancy calculation. There was also a taper in the scheme that meant that redundancy payments were progressively reduced from the age of 64 and not payable at all from the age of 65. We removed both the lower and upper age limits in the Employment Equality (Age) Regulations 2006, benefiting both younger and older workers. That was an additional important measure of fairness; no doubt, we will be accused of implementing it for reasons other than our belief in benefiting older and younger workers, but such an accusation would be as spurious as the others levelled at us today.

We have also reviewed other elements of the existing scheme to ensure that it continues to be fair. I mentioned age bands. Under the scheme, the older someone is, the more pay they receive when they are made redundant for a given length of service. In 2005-06, we reviewed the bands as part of the age review, finding that both younger workers aged up to 24, and older workers aged 50 and above, were the most likely to be made redundant. We also found that young workers tend to find work more quickly and experience a smaller drop in their pay when switching jobs or when affected by redundancy, and that older workers are typically out of work between jobs for much longer and experience, on average, an 18 per cent. drop in pay when switching jobs. Those data suggest that older people have a greater need for higher compensation than younger people do. Consequently, after very careful consideration, we concluded that the current rules on age bands in the redundancy scheme were still relevant. After all, one of the recognitions built into the scheme since the beginning has been that it is in place to reward length of service. That seems to be reflected in how we operate the scheme.

The Government also looked again at the link between length of service and the final redundancy settlement. We believe that the burden of providing a safety net for those made redundant should fall, in part, on the employers whom they have served. That is the way that the scheme works, so it seems sensible that redundancy payments should reflect the level of commitment demonstrated by a worker to his or her employer throughout the length of their service. We carried out a consultation on this issue as part of the age review in 2005, and we found that our approach was recognised and supported by the vast majority of those who responded to that consultation; just under 90 per cent. of people agreed with the principle that length of service should be reflected in such a way, and we decided to retain that element of the scheme. That is how the redundancy scheme operates and has been uprated in recent years, and the £40 a week increase over the past two years is the benefit that people have seen from the current uprating formula. We share a concern with my hon. Friend the Member for Chorley for a fair deal for people who are made redundant, and I believe that most of us would agree that much progress has been made in recent years, particularly because of how the formula has operated.

Let us consider some of the specifics of my hon. Friend's Bill and whether such further changes would be appropriate, were we in a position to make them. As I said, I share much of the motivation of my hon. Friend and the many supporters of the Bill. The Bill says that the Government shall review the limit and come back within 12 months to introduce a mechanism that links the weekly limit to average earnings. It also provides that the Government will ensure that the limit is increased in line with average earnings in subsequent years. I hope that what I have said today has left no one in doubt about the Government's commitment to supporting those who have been made redundant through no fault of their own. The underlying intention of the Bill—to provide more help and to ensure that workers get a fair deal—is one that we share, but although I have much sympathy with its intentions, there are some specific reasons why I believe that the Bill, as drafted, is flawed and would not be the best solution.

*[Mr. McFadden]*

The first of those reasons revolves around cost and affordability. My hon. Friend may argue differently, but the natural reading of the Bill is that the Government should set the weekly limit at average weekly earnings. Much of the supporting material and publicity has been clear on that point. The figure for average weekly earnings has varied, depending on the supporting material. Some people have talked of £500 a week, and there has also been talk of £585 a week. It is important that we examine the costs of setting redundancy pay at such a level.

Let us take at face value the claim that average weekly wages are £585 a week. If we raised the limit from the current £350 a week to £585, it would increase the cost of redundancy by approximately £500 million a year. Most of that cost would fall on business, and as I have said, one of the features of the redundancy system since its introduction has been the gradual transfer in the burden of payment from the state to employers, save in those cases in which insolvency is a factor, or when a business is threatened with insolvency and applies to the Insolvency Service for a loan to cover redundancy payments that might otherwise tip it into insolvency. Such a feature is an important part of the system, because we are trying to avoid businesses going into insolvency if they do not have to do so. If we keep employers in business, they can continue to employ people and keep redundancies to a minimum. The state's role in this is not restricted to the point after which insolvencies have happened; it can also play a role in lending money to businesses to pay for redundancies when not to do so might result in an otherwise avoidable insolvency situation.

Even taking both aspects of the state's role into account, most of the cost of raising the limit will fall on business. The effect of the Bill may in fact be greater, because it is not uncommon for contractual redundancy pay to be based on a multiple of the statutory rate. A fairly common feature of employment contracts is that the contractual redundancy pay will be set at one and a half or two times the statutory weekly limit, so any increase in the limit—as I say, we have increased it in recent years—will have an on-cost in terms of contractual redundancy pay, too.

Taking all those factors into account, we think that the cost will be about £500 million, without also taking into account the contractual redundancy pay. That will tend to apply more in the better organised workplaces and the union-organised workplaces. Unlike the Opposition, I can see the benefits of being in a union-organised workplace where a contract with such a provision might be negotiated. One would always hope to avoid redundancy, but if one could not and the company was not in an insolvency situation, the worker would benefit from such a contractual provision.

How the exact costs worked out would depend on how we defined average weekly earnings. I believe that £585 is the average for full-time weekly earnings. The figure does not include part-time workers and if we included them it would fall. I do not know whether my hon. Friend the Member for Chorley intends to include part-time workers in his calculation of average weekly earnings or whether he would just include full-time workers, but the figures are different. The average for purely full-time workers is £585, but if part-time workers were included the average would be £450 a week. The current weekly limit represents about 73 per cent. of average earnings as things stand, if we include part-time workers in the calculation. Even if we took that figure as our baseline, raising the weekly limit to £450 would increase the cost of redundancy by about £260 million a year. Again, we have to consider the impact on contractual redundancy pay to get a full insight into the costs. That is an important factor to consider.

I am not arguing that we can never impose costs on employers. We have done so when we thought that that was right, and it is not always wrong, but it is a legitimate factor to take into account, especially at a time of economic difficulty such as now. The cost is one factor that it is important to consider. If we raise the limit, about three quarters of the cost will be borne by employers.

There is clearly a case for providing additional help to employees, as I have said. I went through some of the measures that we are taking in response to the recession. I have talked about the measures that Jobcentre Plus and the rapid response service are taking when people are faced with redundancy. We also need to be conscious that businesses are struggling to keep their heads above water. We must consider the need to do everything we can to help keep people in work as well as the package that should be made available to them if they lose their jobs.

Of course, it could be argued—perhaps by my hon. Friend the Member for Chorley—that the Government could deal with the problem of costs to business by shouldering more of those costs and reintroducing the rebate. His Bill is silent on whether the state should carry more of the burden of the cost of redundancy payments but, even if we went down that road, it would not be an easy answer. Pressures on spending exist in that area too. At present there is sometimes confusion, because people hear about the big numbers involved in bank rescues, with the Government underwriting loans of many billions of pounds, and indeed sometimes underwriting loan books stretching to hundreds of billions of pounds; but that is not the same as spending hundreds of billions of pounds. Acting as an insurer is very different from one-off expenditure on a school or a hospital. It is certainly not the case that the Government are free to spend taxpayers' money without limit. There are implications for public spending, too.

Even in the first scenario, where we did not introduce the rebate and carried on with the present system, the Government would still have to bear a proportion of the costs. As I said, that is because the Government are obliged to meet the cost of redundancy payments when employers become insolvent. The average full-time earnings figure of £585 would leave the state carrying an annual burden of something more than £100 million.

Apart from costs, we have to consider another factor that arises from the Bill: the question of time. In an intervention on my hon. Friend the Member for Chorley, my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley) raised the question of urgency. Timing is a legitimate factor. We have already raised the limit. In the Work and Families Act 2006, we took the power to make a one-off increase to the limit. The Bill offers an alternative road for doing that, but we have to consider the timing. I suspect that the motivation of my hon.

Friend the Member for Chorley is not just to increase the statutory redundancy payment limit but to do so quite quickly—probably in the context of the current recession.

In two or three years' time, we hope that the country will have turned the corner and be pulling out of recession and on the road to recovery. I think my hon. Friend's aim is that his measure should be part of our response to the recession, but in terms of timing, how would the Bill work in practice? He says that within 12 months we should come forward with a proposal, and that in the meantime the Government should consult the CBI and the TUC. My Department regularly consults not only the CBI but other employers organisations, and not only the TUC but other trade unions. We are always happy to do that, and the quality of the responses to those consultations makes a valuable contribution to Government policy. However, if we did that for the Bill, the responses to such consultation would be fairly predictable.

The unions, for reasons I understand, would call for the limit to be increased substantially. Employers, for reasons I also understand, would argue that they could not afford such an increase. They would say that we were in the middle of a recession and the Government should understand that we should not impose new costs at such a time, and so on. In the end, the Government would have to square the circle and make a judgment. We could make such a change at any point, but if we took a further year to do so, there would be more redundancies during that year. There is a timing issue involved, if we want to increase redundancy payments.

My hon. Friend the Member for Chorley will understand that I am not in a position to make promises about public spending today. I cannot suddenly tell him what will happen in future. If we were to increase redundancy payments, it might be quicker to do so through the measure in the Work and Families Act 2006, which has already passed through the House. That way, we would not have to pilot a new Bill through the House—we can never predict quite how long that will take—and carry out a 12-month consultation after that. I suspect that my hon. Friend wants urgency and speed on the issue, but I am not sure that the Bill would give him urgency and speed. In fact, there is already a measure on the stocks that could be used, if the Government made a decision on the subject. I stress again that I am not making any announcement about an increase today. He knows that I am not able to do that. The issue of timing, and whether the Bill is the right vehicle, is perfectly legitimate, as is the issue of the uprating, which is at the heart of his Bill.

If the Bill was passed, it would in practice be 12 months before any changes could be introduced—and it would first have to complete all its parliamentary stages. My hon. Friend has quite fairly raised the issue of redundancy payments today. He knows that the issue is under discussion in Government. He has made his point; he has explored the issues and laid them before the House. He spoke with great skill and passion on behalf of the people about whom he is concerned. I simply ask him to think about whether, if we increased redundancy payments, the Bill would be the vehicle for doing so. He has perhaps underplayed the fact that the Government already have a power that they can use to make such an increase, if we judge that that is the right thing to do in the current circumstances. If we used that power, any increase would, in all likelihood, come into force more quickly than it would under the process set out in his Bill, which would be required to undergo the full, normal parliamentary procedure of a Committee stage and so on. That would be followed by the 12-month consultation mentioned in his Bill. So there are issues of content, effect and timing.

I now come to the third matter to which I wish to draw the House's attention. If we were increasing statutory redundancy pay, would the formula in my hon. Friend's Bill be the right way to do so? Under the statutory scheme, everyone earning above the weekly limit would receive a redundancy payment based on the limit. Someone earning £400, £500 or even £1,000 a week would receive, if they were dependent on the statutory scheme, a redundancy payment based on the figure of £350. However, anyone earning below the weekly limit receives a redundancy payment calculated using their actual pay. If we concentrate all our efforts on increasing the upper limit from £350 to whatever it may be—the average earnings of £450 a week including part-time workers or average full-time earnings set at £585 a week—only those earning £350 a week will benefit. Workers earning below that limit would not be affected by the changes proposed in the Bill.

Let us look at an example of how that might work. In the supporting papers for the Bill, my hon. Friend circulated tables of constituencies and employment rates, which showed how many people in each constituency earned above the £350 limit. If we take his constituency of Chorley, the figures showed that 47 per cent. of people earn above the weekly limit—roughly half. So half of his constituents are earning above the current weekly limit, and half earning below. If we had a limited amount of money and we concentrated it purely on increasing the upper limit, we would benefit the better-off half of the workers in his constituency. That is not an ignoble thing to do. I am not pretending that £350 a week is high earnings, but that would be the effect of concentrating purely on the weekly limit. The lower-paid half of workers in the constituency would not see a rise in their redundancy pay.

That issue should be considered when we take a sectoral view. My hon. Friend mentioned workers in the hotel and catering sector. In that sector, around 22 per cent. of workers earn above the weekly limit, which would mean that only the better paid 22 per cent. of people working in that sector would benefit from a measure that was focused on the upper weekly limit. The 78 per cent. who earned below the weekly limit would not benefit. I am not arguing that £350 a week is a huge amount of money because it is not, but as well as considering how the formula would have impacted in recent years and how long it would take for the Bill to come into effect, we have to consider content. If we had a limited amount of money and we wanted to do something about redundancy pay, would the Bill be the best way to do it? Would it concentrate help on those who needed it most? It has been a significant and justified part of our Government's approach to try to concentrate help on the lowest paid and we have done that. The hon. Member for Solihull referred to pensions, and we took such an approach to pensions during our early years in government. We took the same approach with the minimum wage, and that is a perfectly understandable and fair principle.

*[Mr. McFadden]*

From a nationwide point of view, about 7.2 million workers in the UK earn below £250 per week. About 5 million of these are people working part time. Three quarters of them are women. A further 2 million people are earning between £200 and £250 a week—in other words, at or perhaps just above the national minimum wage level.

As I have said, I am not in a position today to announce extra help for redundancy pay. I know that my hon. Friend the Member for Chorley would like me to do that, but I pose this question: if we were in a position to identify extra Government resources and ask business to contribute more to redundancy pay, should we not also ask where it was best to direct that help? Should it be directed to lifting the upper limit or to concentrating help more on the low-paid? That is at least a legitimate question for debate. It is incumbent on us to consider that matter as well as the timing of the Bill. As I have said, I cannot promise that there is money available to do any of that, as the House will understand. However, whether we help those earning above £350 or below, it is a legitimate issue for debate, as are all the other matters that I have mentioned.

It is absolutely right and fair for us to consider redundancy payment, but it is important that we do not see it in isolation. Our response to the recession should also take into account the other things that we are doing to help people. When people are faced with redundancy, what matters is not just the redundancy payment, although that is very important. It is also what we can do to help them to find a new job and give them a second chance. We wish to do more than simply pay benefits as in the past. The Government must have an eye on the future and on ensuring that those affected by redundancy take their second chance by reskilling, upskilling and giving themselves a better opportunity to find a job in future.

The economy that emerges from this recession will not be based simply on pressing the rewind button to 2006 before the sub-prime crisis, the troubles at Northern Rock, the collapse of Lehman Brothers and the other traumatic events of the past couple of years. As we navigate the downturn, we must also ensure that those affected by redundancy can compete in the British economy in years to come. My Department has talked of industrial activism. That does not mean that we are going to try to pick winning companies, but it means that we see those affected by redundancy as needing to be equipped for industries in which we know this country will have to succeed in future.

For example, my noble Friend Lord Carter has published a strategy to help to ensure the provision of broadband throughout the country, knowing that the information and creative economy is critically dependent on a modern communication infrastructure. Similarly, we know that the way we heat our homes and offices, transport ourselves and manufacture our goods will change radically in future so that Britain is at the forefront of the skills and jobs needed in an ever-expanding green collar labour market.

That is why I believe that, in debating these issues, we should concentrate not solely on the financial payment available to people but on the real and practical help that they get from the Government in terms of retraining, new skills, and so on. Several years ago, we published the Leitch report, which identified the skills shortages in this country.

If we think back to Harold Wilson's motivation for introducing the statutory redundancy scheme in the first place, we see that it was about labour mobility. It was about giving people that second chance, not just about the perfectly legitimate concern to ensure that people were rewarded for their years of service. It is a mistake simply to view this issue in isolation without taking into account the doubling of the budget for the rapid response service or the £1.3 billion that has been made available to the Train to Gain scheme, which means that it is available for shorter-term courses and available to people who already have qualifications. They are not excluded from taking part in it because they have already had some training. The scheme is now much more flexible, and it is there precisely so that people who may be affected by redundancy or by short-time working are equipped for the jobs and industries of the future.

Our response to the recession and to the problems created by rising unemployment and rising redundancy is to ensure that a fair system of statutory redundancy payments is available. We have increased it by £40 per week in the past two years, compared with an overall increase of £5 per week in the last six years of the Conservative Government. We have introduced a new formula, with the provision that it not only increases by the level of RPI but is rounded up by £10 per week. That has resulted in an increase in payments at the weekly limit of beyond-average earnings in recent years. That is a completely legitimate thing to do, but it would be wrong to say that it is purely where we should concentrate our efforts.

In saying that, I do not mean that we should rule out further action, but I do mean that we should see it in a wider context of help for the unemployed, retraining and skills for the future. That is precisely the challenge that was put before us in the Leitch review several years ago. It highlighted the importance of investing in skills to maximise economic growth, productivity and social justice in a globalised economy. Hard skills matter, as do, in a world where services are more important economically, soft skills and people skills. In the economy of the future, we will find that many people facing redundancy have to find new jobs in new areas. That was the original motivation behind the statutory redundancy scheme, and it remains the motivation behind the scheme today.

Our response to all this is a major investment programme. More than £11 billion a year will be invested in education, employment and training. We have expanded apprenticeships, with more than £1 billion in Government funding to increase overall places by more than 400,000 by 2010-11. As colleagues know, we plan to lift the education and training leaving age to 18 by 2015.

Schools are also critical and we have made a historic commitment to raise the participation age to 17 by 2013 and to 18, as I said. That is an important part of our approach.

My hon. Friend the Member for Chorley is motivated by the impact of recession and job losses on his constituency and others. The Bill is well intentioned and we certainly need to do more to help those who need it most.

However, I do not believe that the measure is the right way to achieve that goal and I have set out reasons for that.

Some of my reservations are about the formula and how it would work. We have a formula that has worked well in recent years and we also have a power to uprate, which would act considerably more quickly than the mechanism for which the Bill provides. If we intended to use any improvement to redundancy payments to help those affected by the recession, the existing power to uprate the formula would be a much quicker mechanism for doing that than the method that the measure sets out. I ask hon. Members to keep that point in mind, although, as I said earlier, I cannot make spending announcements today. There is also the question of whom we should help if money were made available or if we asked business to make a contribution in the way that the Bill sets out.

My hon. Friend claimed that there was no spending commitment and that the measure is merely a guide to the Government. There is a logical flaw in that argument. The Bill either commits us to increasing redundancy payment in line with average earnings, and to introducing a new formula to increase it in line with future average earnings after the one-off increase, or it does not. If it does not, what is the point? What is the point of legislation that is simply declaratory when we already have a power on the statute book to increase redundancy payment quicker than the Bill would? There is a logical flaw in arguing that the Bill would have no impact on spending because it would leave all power in the hands of Ministers. We have that power anyway under the Work and Families Act 2006, and we do not need the Bill.

My hon. Friend has made his point. He wants redundancy payment to be addressed—that is a fair point. As I have told him, discussions about the matter are going on in Government, but there is a logical flaw at the heart of the Bill. Either it has the implications for cost to business and to the Government that I outlined or it does not. We already have powers to increase redundancy payment. Of course, that would not be a decision for me, but for Government as a whole, and we would not announce such a decision today, as he knows. Those are the reasons for my reservations about the Bill and for being unable to support it.

I want to consider the notion of average earnings as our guiding light. Even if we wanted to do more about redundancy payment, why should average earnings be that guiding light? To begin with, we do not have an agreed definition of what average earnings are. We are not just talking about how much they increase by every year, as we would with the pensions system, which has been referred to; we are talking about setting the weekly limit at the level of average earnings. Is the figure £450, which includes part-time workers, or £585, which refers purely to full-time workers? It is not clear from the Bill which definition my hon. Friend is using.

Other elements of the redundancy package would include pay for the notice period to which the worker is entitled, pay for outstanding leave owed to the worker, unemployment benefit, tax and child credits, and retraining to help the worker gain new skills and find work as quickly as possible. There is not necessarily a magic level for redundancy pay within that overall package. However, we should not let the level atrophy, as it did in the past. I do not want us to return to the days when the Conservative party let it waste away, increasing it by only £5 over six years. We have increased the level from £210 to £350 while we have held office and by £40 a week in past two years. However, I question whether the level of average earnings is necessarily the right level for any future increase.

The Bill is flawed in its approach, although I share my hon. Friend's concern for people at work. I would not want anyone to go away from today's debate thinking that we were not concerned about people at work. We have made many changes to improve the lot of people at work. It would be a great mistake to ignore those changes, some of which come in next month. We should celebrate them and campaign on them. We should point out that those changes would never be granted by the Conservative party. If we find ourselves in the position of increasing redundancy payments, we have a quicker way to do so than we would under the Bill.

I hope that my hon. Friend will consider the points that I have made and understand that I cannot promise him an increase today. However, I assure him that we will do more to help people affected by the recession. I will remain in dialogue with him about the issues. The dialogue that we have had so far has been constructive and positive. However, I hope that he will understand why, for the reasons that I have set out, I cannot support his Bill today, even if I share his concern that people at work should get a fair deal and the best possible package of support. Crucially, that should apply not only when people are made redundant, but in respect of the whole package that they are offered: to help them find a new job and reskill for the future, to ensure that losing a job, while it is a setback and a crisis for every family, is not the end of that family's opportunity, and to ensure that we stand with people in those circumstances to give them a better second chance in the future.

1.9 pm

**Mr. Hoyle:** I have to say that my right hon. Friend the Minister for Employment Relations and Postal Affairs has given a sterling performance with his longevity. His prostate must be much better than the rest of ours: he has taken on the water and managed not to go and relieve himself, but we now have the pleasure of allowing him to do so.

The Bill is very important. We have worked hard with my right hon. Friend's Department and the Secretary of State and we have had good, constructive meetings. There is a great opportunity here to help the Government. Indeed, through this Bill I have offered the Government time to carry on with the very good business of looking after this country and fighting the world recession. I recognise that that is at the top of the agenda and I want to give the Minister the time to carry on doing that.

We should give a fair wind to the Bill, as the majority of Back-Bench MPs support it. What is important is that we want to carry on sending out the message. People may well have different views, but that suggests the advantage of taking the Bill into Committee where differences can be overcome. The Bill should not be blocked now. I hope that the Opposition recognise that democracy is important and that any differences can be discussed in Committee. I am pleased to bring the Bill before the House today. It should go forward into Committee.

*Question put*, That the Bill be now read a Second time.

*The House divided:* Ayes 85, Noes 17.

**Division No. 70]** **[1.11 pm**

**AYES**

Abbott, Ms Diane
Alnger, Nick
Allen, Mr. Graham
Anderson, Janet
Austin, John
Barrow, John
Borrow, Mr. David S.
Buttomley, Peter
Browne, Mr. Jeremy
Burden, Richard
Burgon, Colin
Burt, Lorely
Campbell, Mr. Ronnie
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clelland, Mr. David
Corbyn, Jeremy
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Davidson, Mr. Ian
Dean, Mrs. Janet
Devine, Mr. Jim
Dobbin, Jim
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Efford, Clive
Engel, Natascha
Farrelly, Paul
Francis, Dr. Hywel
Gerrard, Mr. Neil
Hamilton, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hill, rh Keith
Hopkins, Kelvin
Hoyle, Mr. Lindsay
Hughes, Simon
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Glenda
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keetch, Mr. Paul
Kumar, Dr. Ashok
Laxton, Mr. Bob
Linton, Martin
Lloyd, Tony
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Mallaber, Judy
Marsden, Mr. Gordon
McDonnell, John
McGovern, Mr. Jim
Mclsaac, Shona
Mullin, Mr. Chris
Murphy, Mr. Denis
Naysmith, Dr. Doug
Oliver, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pelling, Mr. Andrew
Pound, Stephen
Prentice, Mr. Gordon
Prosser, Gwyn
Riordan, Mrs. Linda
Ryan, rh Joan
Sheridan, Jim
Short, rh Clare
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Starkey, Dr. Phyllis
Thornberry, Emily
Walley, Joan
Wareing, Mr. Robert N.
Whitehead, Dr. Alan
Winnick, Mr. David
Wood, Mike

**Tellers for the Ayes:**
**Mr. Andrew Dismore and Andrew Miller**

**NOES**

Baron, Mr. John
Brokenshire, James
Chope, Mr. Christopher
Djanogly, Mr. Jonathan
Elwood, Mr. Tobias
Francois, Mr. Mark
Holloway, Mr. Adam
Kirkbride, Miss Julie
McFadden, rh Mr. Pat
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Robathan, Mr. Andrew
Spelar, rh Mr. John
Thomas, Mr. Gareth
Vara, Mr. Shailesh
Winterton, rh Ms Rosie

**Tellers for the Noes:**
**Mr. Dave Watts and Chris Mole**

*Question accordingly agreed to.*

*Bill read a Second time.*

**Mr. Christopher Chope** (Christchurch) (Con): On a point of order, Mr. Deputy Speaker. During yesterday's debate on the possible use of the Chamber by the UK Youth Parliament, the Deputy Leader of the House said—it is at column 529 in *Hansard*—that he hoped there would be an opportunity for the issue to be put to the vote so that the will of the House could be established. Given the way in which matters are proceeding today, it is obvious that the item on the agenda to be dealt with at 2.30 pm, which concerns the Youth Parliament, will not be reached before that time, and if it is reached after that time, it will not be possible to put it to the vote. I wonder whether a Minister could indicate whether the Government intend to move the motion at 2.30 pm, or to withdraw it.

**Mr. Graham Allen** (Nottingham, North) (Lab): Further to that point of order, Mr. Deputy Speaker. Could you also—

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Order. I must say to the hon. Gentleman that it is not acceptable to address the House without being properly attired.

Let me deal with the point of order from the hon. Member for Christchurch (Mr. Chope). The Chair cannot determine whether a statement will be made, or whether any indication will be given, from those on the Government Front Bench. We are faced with the Order Paper that we have today. The hon. Gentleman may draw a conclusion about the likelihood of any further progress on the matter, but that does not preclude progress on another occasion, at which point it is possible that the intention, or hope, of the Deputy Leader of the House will be fulfilled.

## Organ Donation (Presumed Consent) Bill

*Second Reading*

1.24 pm

**Mr. Jeremy Browne** (Taunton) (LD): I beg to move, That the Bill be now read a Second time.

May I start by paying tribute to my constituent, Sean O'Brien, and his wife, Samantha, who I am pleased are able to be present in person for the debate today, as it was Sean O'Brien's initial intervention in bringing this matter to my attention that inspired me to introduce the Bill? He suffers from a liver cancer affliction and is in need of a transplant. Therefore, like many thousands of people in the country, he has a direct stake in this legislation and how the Government tackle the issue.

I would also like to pay tribute to another constituent of mine, Gill Stapleton-Smith, who has been very helpful in providing me with an insight of how people live when they are afflicted by a serious organ problem and in need of a transplant. She received a new kidney, and that had a transformative effect on her, and enabled her to go back to work and contribute to society. That enhanced her quality of life, and that of her wider family.

I propose to divide my speech into three sections. First, I shall explain the problem I am seeking to address. Secondly, I shall explain the essence of the Bill and what effect it will have. Thirdly, as I know that several Members have concerns about some of the implications arising from the legislation, I intend to address those concerns and see if I can reassure any Members who might be minded to oppose the Bill.

What is the problem that I am seeking to address? At present, about 8,000 people in the UK are on the organ donor list awaiting an organ transplant. That figure is rising at a faster rate than the numbers of people who either receive a transplant or, sadly, die before they are able to receive one, so the number of people on the waiting list is increasing. Approximately 1,000 people in the UK die every year waiting for an organ transplant because a suitable organ does not come up in time to save them. The terms of the Bill therefore represent a pressing issue for those people and their families and friends.

Under the current system, all of us are free to decide to donate our organs, and about a quarter of the people in the country—26 per cent.—have opted to do so: they are on the organ donor register and, in the event of their dying unexpectedly, their organs could be used to help somebody in need. However, the number of people who say they would be willing to countenance having their organs used is about 90 per cent. Therefore, at present a quarter of the population have signed the register, yet 90 per cent. say they have no objection in principle to their organs being used. I seek to address that sizeable gap, which represents those people who, for whatever reason, have decided not to put themselves on the list and yet are agreeable to the principle of doing so.

I have encountered precisely that situation, because—I am slightly embarrassed to admit it—before I met my constituent, Sean O'Brien, I was not on the list. People can find themselves in that situation for a variety of reasons: it might be to do with laziness, or a feeling of, "It will never happen to me in any case", or an element of superstition might be in play. If it achieves nothing else, I hope my Bill will help raise sufficient awareness for that gap between 26 per cent. and 90 per cent. to be bridged.

**Dr. Brian Iddon** (Bolton, South-East) (Lab): I congratulate the hon. Gentleman on introducing the Bill, but is he aware that 40 per cent. of people on the kidney and liver transplant waiting lists are from the black and Asian communities, and Asian people have to wait twice as long as other people for an organ transplant, yet only 3 per cent. of the people on the organ donor registers are Asian? Will the hon. Gentleman congratulate Komal Adris and Shabbir Lorgat for mounting their organ donor campaign in this place on 12 January 2009, with the specific intention of persuading more people from the black and minority ethnic communities to donate organs?

**Mr. Browne:** I certainly will, because I am delighted that they are campaigning on that issue. I do not claim particular medical expertise, but I must say that there are some genetic predispositions to which people of different ethnicities are more prone and we need to ensure that the maximum number of people donate to the list, if that is what they wish to do and if, in the event of their dying unexpectedly, they are in a position to help somebody.

**Simon Hughes** (North Southwark and Bermondsey) (LD): My hon. Friend the Member for Taunton (Mr. Browne), like my hon. Friend the Member for Solihull (Lorely Burt), is a keen supporter of the Bill. I represent Guy's hospital, which has a huge tradition of renal surgery, and I have met many kidney patients awaiting transplants. Does he accept that for hon. Members such as me, it is difficult to explain the situation to those people, given the frustration of knowing that they could be dealt with much more quickly if many more kidneys were available? Looked at from the position of those families, many of whom I have seen over the years, this Bill is exactly the sort of step that this country ought to be bold enough to take.

**Mr. Browne:** I am grateful for that intervention, because I strongly agree with it. When I met Gill Stapleton-Smith, who has had exactly that transplant, she not only told me that it had saved her life, but she described her quality of life and the impact that the transplant had had on not just her, but all those around her. She now works at Musgrove Park hospital, which is the main hospital in Taunton, saving the lives of, and helping, other people and making a meaningful contribution to our community, including through paying her taxes—she helps out in that financial way. She also said that the stress her illness had caused her children and the rest of her family had now been removed. If anyone in this House were to meet her, they would be struck, as I was, by just how fit, energetic and vibrant she is.

That takes me on to an interesting point, which I was going to make in passing but I should make now because it is relevant to our deliberations. Some 90 per cent. of people say that they would be willing to donate their organs but only 26 per cent. are on the organ donor list. The figure I have been unable to find is the number who say that they would like to receive an

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organ were they in a position where if they did not receive a transplant, they would die—I suspect that that figure is considerably higher than the 26 per cent. of people who are voluntarily putting their names forward. This deliberation contains a large element of quid pro quo; there is a reciprocal nature to the debate. It is not just about the individual choice of the people choosing to donate their organs, because it also involves the choice of the people who need the transplants and have the surgery that they would otherwise not receive. We are trying to balance all kinds of important competing criteria. That is the problem that I am trying to address.

I turn to what my short Bill—it is only a couple of pages long, so it is easy for everyone to read and digest—seeks to achieve. Its essence is extremely simple: instead of having the current opt-in register in the United Kingdom, there would be an opt-out register. There would a presumption that people's organs would be available for transplant unless they specified that that was not what they wanted. Just as in the current arrangements, where one can also choose to give only certain organs, people would be able to opt out of giving some organs and not others or to opt out altogether. Some people have been slightly cynical about this. I received a letter from somebody—they were clearly untrusting of policitians—who said that they did not doubt for a moment that all of these barriers to opting out would be extremely difficult and cumbersome. I wrote back to him saying that that was not my intention. I want to make it as easy for people to opt out as possible. Furthermore, the Bill puts additional safeguards in place, for example, if someone had not decided to opt out during their lifetime, but their parents or next of kin felt strongly that that would have been their wish, they would have the ability to override other considerations. I am not just trying to get the opt-out figure as low as possible: I want to ensure that anybody who has reservations, whether for ethical, religious or superstitious reasons, can opt out easily. I do not want to coerce anyone into doing something that they do not want to do.

There is widespread support for my proposals. The chief medical officer, Liam Donaldson, has said:

> "To meet the current demand for organs, the number of people on the NHS donor register would need to approximately treble. I believe we can only do this through changing the legislation to an opt-out system with proper regulation and safeguards."

That is precisely what I am trying to do, and I hope that the regulation and safeguards will reassure those who would otherwise be anxious about the Bill.

The British Medical Association has also been supportive. It has said:

> "The BMA believes that genuine choice over organ donation can be facilitated through a soft system of presumed consent whereby adults—who have been well informed of the options—can choose to opt out of organ donation during their lifetime, rather than having to opt into donation, as is the status quo."

Such measures have also received considerable high level political support. The right hon. and learned Member for Rushcliffe (Mr. Clarke) has said—although, admittedly, it was in 2004—

> "We have the worst record of any part of western Europe and this weakness in our law should be addressed…presumed consent can be operated in a perfectly sensitive way."

We now have a higher percentage on the organ donor list than in 2004, but the right hon. and learned Gentleman—a distinguished Member of Parliament—was willing to support the principle of presumed consent then. Indeed, the most senior Member of Parliament—the Prime Minister—has indicated support for the principles behind the Bill. He said in November 2008:

> "I'm not ruling out a further change in the law. We will revisit this when we find out how successful the next stage of the campaign has been."

I am delighted to have the support of Members from all parties.

Such legislation has been proposed before. My short Bill is modelled on such legislation with a couple of significant changes that I should point out. The last time that the House discussed this measure, the age of application was 16, and I have changed it to 18. We can discuss the appropriate age, but I believe that while 16 and 17-year-olds should be able to opt in, the presumption of consent should not apply to those under the age of adulthood.

**Laura Moffatt** (Crawley) (Lab): I am glad that the hon. Gentleman has made this change. Does he agree that parents may be thrown into utter turmoil and confusion if their child is lying in a bed waiting for their organs to be taken for transplant? It is right to increase the age to 18.

**Mr. Browne:** That was my instinct, and I am grateful for the hon. Lady's support.

The other change, which came out of my meeting with the BMA, was that the period between the Bill becoming law and taking effect should be three years. In previous attempts, it was six months. I am sure that those people who are enthusiastic about the measure would prefer the time scale to be shorter, but the BMA made the point that it is not easy to go from a system under which 26 per cent. of organs are available for donation to one in which 90 per cent. are available in a very short time. An educational process is necessary to inform the population, and there are also practical issues such as the availability of facilities in hospitals. A three-year timetable would therefore be more appropriate. I would hope that during that three-year period we would see more people opting in as awareness of the issue increased—in fact, I think that that is inevitable.

**Mr. Christopher Chope** (Christchurch) (Con): The hon. Gentleman talks about the register, and his Bill refers to "persons". It does not specify that they have to be UK nationals. What protection would there be for foreign visitors to this country or illegal migrants whose identity was not known to the authorities? They would not wish to feature on the register, but because they were not on it their organs could be used in the way that his Bill suggests.

**Mr. Browne:** I am grateful to the hon. Gentleman for that intervention, because of the three issues I wanted to speak about. The first was the problem, which I have dealt with; the second was the Bill, which I have tried to explain as best I can; and the third, which I was just coming to and to which his point neatly leads me, was some of the concerns that have been expressed to me.

I want to attempt to allay some of those concerns. The hon. Gentleman's point was one of the concerns expressed. It leads into an interesting and perhaps separate discussion, because it could apply equally to wider access to NHS services such as blood transfusions and so on. The nature of the arrangement, however, is that there should be an element of quid pro quo. If I put my organs up as being available for donation, I would hope that if I needed organs I would receive them. I would be happiest if this were a system that applied to UK nationals and which was administered by the national health service. I know that a lot of people would be very uncomfortable if they thought that their organs would be sold, for example, as that would breach their moral trust in the system. It will be interesting to hear what the Minister has to say on this point, because it can be widened to cover access to drugs in the NHS and other areas. It is not unique to this field.

**Mr. Stephen O'Brien** (Eddisbury) (Con): The hon. Gentleman will be aware that the question of the number of transplants that are finding their way into non-EU nationals has been topical over recent days. He said that there was an element of quid pro quo and I want to ensure that we are referring to the right things. There has been a finding that more than 800 organs are going into non-EU nationals, but close to 100 are coming as part of the quid pro quo. The situation is clearly asymmetric and out of balance, and I am glad to see that after the campaign that has taken place, which I have had something to do with, the Government are holding an inquiry. That is an important point regarding confidence and trust.

**Mr. Browne:** I think that we have general agreement on that principle.

**Mr. Andrew Dismore** (Hendon) (Lab): I have read the hon. Gentleman's Bill very carefully and I support it. I have carried a donor card for nearly 25 years, and whether it is right or wrong to do so, to get over the problem that is being described I have written on it, "NHS patients only". That is my personal preference. However, the question I want to put to him concerns the fact that his Bill deals with organs. Has he considered the position of other tissue that might be used, such as bone tissue, which is dealt with in the tissue bank in my constituency?

**Mr. Browne:** Inevitably, the Bill could have a wider scope and, of course, there are new fields of scientific research that make it more useful to have different parts of the body available for treatments that would not have been available in the past. The Bill is fairly narrowly drawn and its scope is confined to the organ checklist that one can opt into at the moment—the organs that one can choose to donate if one does not want to donate the entire list.

I want to divide the concerns that have been expressed to me into two groups: practical and ideological concerns. Let me skip quickly through the practical concerns—I might not have them all—to ensure that people appreciate that they have been considered. The first is the question whether the measure will compromise the relationship between the patient whose organs will be taken from them after their death and the doctor. A number of people have asked me whether the patient will be sufficiently confident that the doctor has his or her best interests at heart. I put that question directly to the BMA, which was adamant that that would not be a practical concern and that the processes for deciding who is a suitable donor and who is a suitable recipient work separately in the NHS. The idea can be that two people would be lying at opposite ends of a ward with one donating directly to the other, and that the doctor would have to make some sort of judgment about which was the more worthy person to have the organ, but that situation would never arise in practice. I have never worked in a hospital, but the BMA is adamant on that point, so I was reassured by the description of the procedures that would apply.

A second concern is that it would be administratively difficult to make a transition to the arrangements, which is precisely why I have provided for a three-year time scale rather than the six months specified in previous attempts to introduce similar legislation. I recognise the administrative difficulty and I have tried to change the measure accordingly.

A third concern is cost. All changes have cost implications, but the implications would not be particularly dramatic for my Bill, although it is hard to be certain about them because we cannot be certain how many people would choose to opt out. I imagine that fewer people would choose to opt out than currently opt in, so the number of names on the register could be smaller. Although there would obviously be cost implications in transferring and holding the additional number of organs available, a number of people have pointed out that the cost of drugs for people who languish on the list for a donated organ but cannot receive one is far greater than the cost of carrying out a transplant. As I said when citing the example relating to my constituent, if the person can be put back into productive life, there are all kinds of cost benefits.

**Lorely Burt** (Solihull) (LD): I was just about to make that point. It is important to take all the costs into account. We can never quantify the cost of quality of life for people who have been in pain and suffering for a long time, but the Bill makes a great deal of sense simply in terms of economics and I congratulate my hon. Friend on introducing it today.

**Mr. Browne:** I am grateful to my hon. Friend for that intervention.

The final practical concern that has been put to me was whether there would be sufficient ease in opting out. I hope that I have already addressed that point, because I have bent over backwards to try to make the safeguards as large as I can. If there is a criticism to be made of my Bill, it is probably that the safeguards are too widely drawn, such that some people who died unexpectedly would have been willing to donate but their parents or next of kin decided otherwise. I do not accept that the safeguards are too narrowly drawn; they are as wide as I can possibly make them, to reassure as many people as possible.

Those are the practical concerns. The ideological concern is expressed to me far more often by Members of Parliament than by members of the public. There is nothing inherently wrong with that; Members of Parliament tend to think in more political and ideological terms—that is often the nature of politics. MPs have expressed

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concern that the measure is tantamount to the state requisitioning our bodies. Many Members have told me somewhat airily and dismissively, "Oh, you've got that presumed consent Bill; I'm against that", and gone on their way without, I fear, engaging in the logic of their argument as much as I would wish.

I have quite libertarian instincts. If people look at my voting record since I came into the House four years ago, they will see that my votes tend to conform to a fairly libertarian perspective. I have an innate suspicion of the state wielding excessive power, so given those instincts, why have I come to the conclusion that I am comfortable—indeed, enthusiastic—about the Bill? I think the reason is that the subject is in a different category from some of our other debates where there is a divide between MPs of more libertarian or more authoritarian tendencies.

There is inevitably a reciprocal element in our deliberations. We talked about blood donation earlier. Everybody is free not to give blood, but the implication of that is that if we need blood for treatment, none will be available. There is an obvious mismatch between what people with busy lives, who may have other pressures on their time, are willing to put themselves forward for, and what they would like to be in a position to receive if they suddenly found themselves severely medically compromised. On how we can try to bridge the gap between how people behave when they do not anticipate being unwell, and the treatment that they need when they are unwell, there is a responsibility to the people who are on the list, waiting, but who did not necessarily give the issue much consideration when they were healthy. I think that Conservative Members are keen on what is called nudge theory, the theory that one does not compel people to make decisions—that is too authoritarian—but nudges or encourages them to go along a certain route, and tries to make it easier for them to take the position that one would like them to assume. However, one gives them the option of not doing so. That is essentially what I am trying to achieve.

If I were in a road accident on the way home today, and I was unconscious and bleeding heavily, I assume that the paramedics—if they arrived in time—would seek to treat me without first acquiring my assent, and asking whether I had opted in to treatment. The presumption would be that I would wish to be treated. It is the same with inoculations. I remember having all kinds of inoculations when I was a child. There has been some controversy about the new human papilloma virus vaccine, which is being introduced for 12 and 13-year-old girls. I understand that there is the choice to opt out of those measures, but the presumption is that people will be treated and that there is a broad benefit to being included. Nevertheless, there is scope for parents to opt out on the girl's behalf.

The same is true of blood transfusions. Some people, such as Jehovah's Witnesses, have expressed opposition to receiving blood transfusions. There have been notable cases in the past in which parents have sought to prevent doctors from giving a blood transfusion to their child for religious or ethical reasons, and the courts have overruled the decision of the parent and decided that it was in the interests of the child to receive the transfusion, even though there was religious hostility to that.

I suppose that the point I am trying to make is that we are talking about a complicated subject; it is not as straightforward as the right to free speech, say, or issues such as smoking bans, which have been discussed in Parliament. There is a reciprocal nature to health care, and that is very obvious when it comes to organ donation.

**Mr. Chope:** Ought not the essence to be the right to choose? Surely it should be possible for a person to specify that they are willing to give their organs, provided that it is to a member of their own family?

**Mr. Browne:** I am being tempted down a slight side path. I wish to conclude shortly, but I point out that there are difficulties. Of course, there are examples of people giving a kidney to their spouse or brother, because they themselves can function without one, but obviously it is easy to exercise that choice when one is living and in good health. There are some difficulties with organs being allocated only to certain people, because one may get into difficult ethical issues. What if a person is willing to donate a liver only if it is not used for somebody who has been an alcoholic, or, more controversially still, willing to donate an organ only if it goes to someone of a specified ethnicity and unwilling to give it to someone of a different ethnicity from theirs? We will get involved in a lot of difficult moral judgments. In the example that I just gave, the doctor might presume that medically, the best beneficiary of the organ was someone of a different ethnicity from that specified by the donor. Although I am tempted by the point that the hon. Gentleman makes, because it does, on the face of it, look reasonable, I fear that it will open up all kinds of unanticipated difficulties.

In conclusion, I am in favour of choice. Most opinion polls show that 90 per cent. of people—I think that the figure is generally accepted—would like their organs to be used if they died unexpectedly and prematurely. I would like that choice to be reflected in what actually happens. At the moment, it is often the case that when something terrible happens to that person, what would have been their wish had they been alive is not exercised because they never got around to putting themselves on the register in the first place. I want to ensure that the choices of people who do not wish to donate are completely respected and that it is easy for them to exercise that choice and opt out.

Ultimately my test is this: we can have protracted ideological discussions, and I have no problem with that because there are important issues to consider, but it is incumbent on all of us to say what we would do if confronted by a constituent, or anyone else, who said to us, "I have months or weeks to live unless I receive a new organ. At the moment, 1,000 people a year are dying in the United Kingdom because they do not receive an organ. What are you as a Member of Parliament doing to ensure that I have a chance of staying alive at a time when lots of perfectly useable organs are being discarded because we did not take the time or trouble before someone's death to ascertain whether they would be willing to have their organ used for a transplant?"

When meeting a constituent or any other person in those circumstances, it is hard to give them a convoluted ideological answer, and they would see it as entirely reasonable, and sensible if we went for a properly administered presumed consent opt-out scheme. It would

be widely accepted very quickly and it would be in the interests of the country as a whole, particularly those who are gravely ill at the moment. Who knows whether in two, three, four or five years from now we may be in that position ourselves? Think how pleased we would be that we gave the Bill a Second Reading this afternoon.

1.56 pm

**Mr. Stephen O'Brien** (Eddisbury) (Con): I start by congratulating the hon. Member for Taunton (Mr. Browne) not only on selecting this subject for a private Member's Bill, but on putting his case in a reasonable and measured way while seeking to cover the points on the minds of all those considering the matter in this House and beyond. I declare that I am on the organ donation register—hopefully, along with most of my colleagues—and have been since 1986. I still have my card from that time; I seem to recall that it replaced what was then known as the kidney donor card, which I had no problem getting well below the age of 18. I had my first card when I was 14 in 1971, but that is going back a long while.

To discuss organ donation is literally to discuss life and death. We must recognise that, and I am sure the whole House will join me in paying tribute to all those who are donors, whether of blood, plasma or bone marrow, and all those on the organ donation register—15.8 million people, according to NHS Blood and Transplant. I am glad to note that it was my right hon. Friend the Member for North-West Hampshire (Sir George Young) who, in his first debate in the House after he was elected in 1979, sought to move forward the donor campaign. We must pay tribute not only to all those who have given up their organs in death so that others might live, but to their friends and families who, in their moment of grief, were prepared to take or support that step.

When contemplating those who have not, for whatever reason, registered for organ donation—and the hon. Member for Taunton mentioned this—I would say that it is probably not a matter of laziness, although there is certainly a lack of knowledge and education on the part of some. Often, people are worried not so much about themselves, but about the turmoil for those they leave behind, and whether it would be an extra stress for them to face the idea of their loved one's body having an organ taken from it. When talking to those who have been through this process, we find that some families, oddly enough, found the process helpful because the fact that their loved one was useful to the future life of someone else gave them a focus. Although that would not apply to all, it is useful to bear it in mind when seeking to persuade people that they ought to consider being on the organ donation register.

Although all hon. Members no doubt hold strong opinions on this issue and will seek to hold the Government to account, as we do all the time, I have no doubt that in our minds the debate will be underpinned by the selfless acts of hundreds of people across the country. Many of us will remember the first heart transplant, performed by Dr. Christiaan Barnard in South Africa in 1967. It is one of my first memories of news on TV, along with Churchill's funeral and the first man stepping on the moon, all during the pioneering days of the late 1960s.

As of today, 7,981 people are waiting for transplants, but only about 3,000 transplants are carried out each year. Tragically, that leads to more than 1,000 people a year dying for want of a transplant. The chief medical officer has stated that others are dying silently because doctors who know that there is no hope of their getting treatment are not putting them on transplant waiting lists. In Britain we have about 13 donors per 1 million people in our population. Spain is the best in the world in that regard, with 35 per million.

As hon. Members will know, this issue was last raised in legislative terms during the passage of the Human Tissue Act 2004, with the hon. Member for Oxford, West and Abingdon (Dr. Harris) pushing for a system of presumed consent. Then, as now, the issue was one of conscience. It is therefore free vote territory for the Opposition and, I believe, for all parties. As the Conservative spokesman on health, and on this matter in particular, I emphasise that my words today do not constitute a party line. I believe that that is also true of the words of the hon. Member for Taunton, although I know that he has been able to attract the support of some of his colleagues. Hon. Members will know how they voted in 2004. For my part, I voted against introducing a system of presumed consent, as did the current Prime Minister.

We were also able to debate the matter in a Westminster Hall debate on a motion to adjourn on 20 November last year. That provided an opportunity to debate the Organ Donation Taskforce's report on presumed consent. The taskforce was commissioned by the Prime Minister in January to look into the matter, following his apparent damascene conversion. In his homiletic article in *The Sunday Telegraph* of 13 January, he wrote:

"I want to start a genuine debate".

He also suggested that a move to presumed consent would make us a "more compassionate Britain".

Irrespective of the change of mind that anyone might have had, it was right that the matter be referred to an expert panel—the better for being a panel that was focused on evidence rather than framing any judgment, moral or otherwise. At the time I paid tribute to Elisabeth Buggins and her team for the thorough and thoughtful process that they had undertaken. It was refreshing to see a progression of thinking in the report from a group with disparate views to broad consensus.

**Dr. Iddon:** Does the hon. Gentleman find it surprising, as I do, that this Parliament, unlike many others, does not have a parliamentary bioethical Committee?

**Mr. O'Brien:** That is a very interesting point. Such a Committee would most appropriately be considered for the other place. Committees in this House tend to shadow Government Departments, whereas the other place has a fine tradition of taking a discrete subject and bringing a great deal of expertise to it. I suspect that the hon. Gentleman's point, which is well made, should be heard in that forum.

On the taskforce, not only were the views disparate, but it was originally disposed in favour of presumed consent. Some even suggested a touch of gerrymandering —I did not, and far be it from me to do so. Even Michael White, writing in *The Guardian*, stated that members of the panel had been picked because:

"Ministers had been assured that a majority of its members"

at the time of its constitution favoured presumed consent. In paragraph 2.7 of its report, the taskforce crystallised its task as seeking to

"check whether the intuitive answer"—

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presumed consent—

"is, in fact, correct."

We cannot escape the fact that this subject touches on people's notions of what is appropriate in death and on the sanctity and ownership of our bodies, through either any form of living will before death or next of kin after death. The primary hurdle to overcome before legislating is the existence of evidence that any change in the law would lead to an increase in organ transplants and universal access to them across the country. There is no evidence to suggest that. True, the taskforce did not completely write off presumed consent. It noted that it "may deliver real benefit", but its stronger concern was that it

"carries a significant risk of making the current situation worse."

In other words, the taskforce ultimately opposed the move to presumed consent at this stage. I submit that that was an important, objective report and a good basis on which to build policies and a direction for the future.

Equally, it is worth noting that the report of the Organ Donation Taskforce says that clinicians from intensive care, where the majority of deaths leading to donation occur, are in the forefront of opposing presumed consent, while according to the Intensive Care Society, they are pretty evenly split on the question. Those who oppose it do so vehemently. In the words of the report,

"the strength of feeling among those who are opposed is considerable".

This is in contrast to the cry of doctors' leaders such as those at the British Medical Association, who continue to push the presumed consent model in the face of evidence from their members. Any movement on the presumed consent question will have to be predicated on the satisfaction of these front-line intensive care professionals with the protection of their patients and the work that they do—in particular, preserving patient trust as regards fears of the temptation to "harvest" organs. In that context, it is hard to see how hon. Members supporting the Bill can justify their position; rather, it seems incumbent on the Government to take forward the measures that they have promised. I will leave it to the Minister to touch on those rather than do so myself.

I should quickly deal with the experience in Spain. It is worth noting that although Spain is often prayed in aid for presumed consent, in truth transplant surgery is so widespread in so many categories that prior consent of the individual or next of kin is established without the presumption of consent needing to be relied upon. The question therefore becomes whether presumed consent is the best way of educating a populace about organ donation and convincing them that it is the right thing to do. The architect of the Spanish system, Professor Rafael Matesanz, has explicitly rejected the argument that legislation provides a solution, saying:

"There is no country in the world where there has been sustained improvement after changing the law."

Instead, he argues that the comprehensive transplant programme accounts for their success. In Spain, it is also extremely well done in lots of local areas, so it is not all to do with long distances and a lack of ownership, as it were. Spain changed the law to introduce its opt-out scheme in 1979; however, it had no impact until 10 years later, when the Spanish Government invested in specific training for health care professionals, appointing donor transplant co-ordinators in every intensive care unit.

Another opt-out country, Sweden, has fewer organs available for donation than Britain. Equally, the USA has achieved an impressive increase in donor numbers at the same time as rejecting any legislative move towards presumed consent. If the experts cannot produce evidence that this will increase transplants, there is no case to change the law, and we should focus on increasing education and capacity. There is an opportunity for the Government, as they take forward the results of the report, to focus on those as the dynamic way forward that is most likely to increase the amount of take-up in the donor population in our country.

In an intervention on the hon. Member for Taunton, I referred to organs going to people living outside the UK: there have been 800 since 1997, with only 140 having been "imported". I am pleased that after the application of significant pressure, in which I have been involved, the Government are now investigating that. It is a moot point for debate, particularly as we have so many wise heads considering this issue. There are not many Members in the Chamber at the moment, but those who are here care deeply about this issue: we saw that in the intervention by the hon. Member for Hendon (Mr. Dismore) who told how he had qualified his donation card. It is a matter for debate whether we should reserve organs donated by British people for British people alone. This has a big effect in terms of the black and minority ethnic population, which the hon. Member for Bolton, South-East (Dr. Iddon) mentioned. We need to be careful to disaggregate these issues so that we do not find ourselves proceeding in an emotive way but look at this in a purely pragmatic and "health opportunities" way.

I am keen to ensure that the Government have an opportunity to respond, so I do not intend to speak for more than another minute or so. However, I should like to refer to yesterday's news from America, where the new President has overturned the prevention of the use of embryonic stem cells. That will also have an effect in this country. The Minister will be aware of the operation reported last year to give Claudia Castillo a new trachea using a donated windpipe stripped and then covered with stem cells from her hip. Although the operation was undertaken in Barcelona, scientists at Bristol university transferred the windpipe. The particular advantage is that Miss Castillo does not need to use immuno-suppressant drugs because of the presence of her genetic material in the windpipe. I hope that the Under-Secretary can tell us what action will follow from that. We should note that the House's mature and measured approach to stem cell research has proved beneficial, and I am glad that US citizens can now participate in such research. There has been a marked difference between the scientific and research bases of the two countries.

It is clear from the Organ Donation Taskforce's autumn report that it does not believe at this stage that presumed consent is the best way to achieve the desired outcome of more successful transplants. It is also clear that there is much that the Government need to do, and that questions have been asked about their performance so far in increasing transplantation rates. The taskforce was saying that to us when we were in office, so we must push forward together on education and opportunity.

The report's outcome is slightly embarrassing for the Prime Minister because of his change of mind, but I do not blame him for changing his mind on a conscience issue.

**Mr. Jeremy Browne:** One could argue that the happiest state of affairs is one in which an opt-out system is not necessary because so many people opt in. I hope that the least that will happen as a result of our deliberations is that people watching the debate and the resultant media coverage are more inclined to become organ donors.

**Mr. O'Brien:** I say, "Hear, hear" to that. We are all keen for the number of people who are prepared to give their organs to increase enormously.

I hope that the Under-Secretary has an opportunity to allay the concern that not enough action is being taken. On current evidence, it is impossible for me to support the Bill.

2.11 pm

**The Parliamentary Under-Secretary of State for Health (Ann Keen):** I congratulate the hon. Member for Taunton (Mr. Browne) on introducing the Bill. I commend him for his explanation, in relation to his constituent, Mr. O'Brien, of what gave rise to the measure, and I am pleased that Mr. O'Brien is able to be with us today. Of course, no one has more interest in the outcomes of such discussions and the decisions on such matters than people who are waiting for transplants and suffering, as so many people are.

Transplantation is one of medicine's great success stories and I know that the hon. Member for Taunton has always expressed a keen interest in it. I also associate myself with the remarks of the hon. Member for Eddisbury (Mr. O'Brien). I agree with him about the 1960s and the triumphs then. He made a thoughtful contribution about the way in which science and medicine have advanced our ability to care for patients and enabled us to look forward to a quality of life that was previously not thought possible.

As a nurse, I have been in situations, when nursing patients in intensive care or in accident and emergency, in which we have had to ask families to sit with us and make difficult and traumatic decisions. After such discussions, when a decision is made to donate, I have witnessed the relief of those families to know, even at their most difficult time of grief, that their loved one's life had a purpose.

As hon. Members know, the Government are absolutely committed to increasing the number of organs available for transplantation so that many more people can benefit from the life-saving procedure and have the quality of their and their families' lives transformed. In many ways, the success of transplantation surgery and advances in technology have led to the current challenges of unmet need.

Almost 8,000 individuals currently require a transplant, and the number is rising by approximately 8 per cent. each year. The figure does not reflect the true extent of need, as many clinicians are reluctant to list more patients than are realistically likely to receive organs. The true need is, at a minimum, 50 per cent. more than what is currently available and it is rising rapidly with demographic changes in the UK. Despite that, only around 3,000 operations a year are carried out, owing to a lack of available organs. Because of that, around three adults or children die every day waiting for a transplant or after being taken off the list because they had become too ill.

That is why we established the Organ Donation Taskforce—to consider options for increasing organ donation rates within existing legal frameworks. Hon. Members will know that the taskforce's recommendations, which were published in its first report, "Organs for transplants", in January last year, were broadly based on the need for investment in the donation infrastructure. That is to ensure that the UK maximises its potential for donation rates and makes organ donation a usual part of health care.

The taskforce made 14 recommendations, which are as follows. A UK-wide organ donation organisation should be established. The establishment of the organ donation organisation should be the responsibility of NHS Blood and Transplant. Urgent attention is required to resolve outstanding legal, ethical and professional issues, in order to ensure that all clinicians are supported and are able to work within a clear and unambiguous framework of good practice. In addition, an independent UK-wide donation ethics group should be established. All parts of the NHS must embrace organ donation as a usual event, not an unusual one. Local policies, constructed around national guidelines, should be put in place. Discussions about donation should be part of end-of-life care when appropriate. As hon. Members will be aware, our end-of-life strategy, which we launched last year, will also embrace that delicate and difficult issue and, with the appropriate training and facilities, that would be the right place for it. Discussions on that are ongoing.

Each trust should have an identified clinical donation champion and a trust donation committee to help to achieve that goal. Minimum notification criteria for potential organ donors should be introduced on a UK-wide basis. Those criteria should be reviewed after 12 months in the light of evidence of their effect. The comparative impact of more detailed criteria should also be assessed. Donation activity in all trusts should be monitored. Rates of potential donor identification, referral, approaches to the family and consent to donation should be reported. The trust donation committee should report to the trust board through the clinical governance process and the medical director. The reports should be part of the assessment of trusts through the relevant health care regulator. Benchmark data from other trusts should be made available for comparison.

Brain stem death testing should be carried out in all patients where brain stem death is a likely diagnosis, even if organ donation is an unlikely outcome. Financial disincentives for trusts facilitating donation should be removed through the development and introduction of appropriate reimbursement. The current network of donor transplant co-ordinators should be expanded and strengthened through central employment by a UK-wide organ donation organisation. Additional co-ordinators, embedded within the critical care areas, should be employed to ensure a comprehensive, highly skilled, specialised and robust service.

**Mr. Stephen O'Brien:** That is an important area and I am sure that what the Minister is saying is giving considerable reassurance to both the hon. Member for

*[Mr. Stephen O'Brien]*

Taunton (Mr. Browne) and his constituent, my namesake, whom I am pleased to acknowledge. The experience in Spain is important. Has the Minister asked people from Spain who have been through the process over a number of years to advise the Department on how this important initiative will be designed and implemented?

**Ann Keen:** We are taking advice from all areas and I am confident that that would be guaranteed. That is always the right process where best practice is being delivered.

There should be close and defined collaboration between these teams, clinical staff and trust donation champions. Electronic online donor registration and organ offering systems should be developed. A UK-wide network of dedicated organ retrieval teams should be established to ensure timely, high-quality organ removal from all heart-beating and non-heart-beating donors.

The organ donation organisation should be responsible for commissioning the retrieval teams and for audit and performance management. All clinical staff likely to be involved in the treatment of potential organ donors should receive mandatory training in the principles of donation. There should also be regular update training.

Appropriate ways should be identified of personally and publicly recognising individual organ donors, where desired. These approaches may include national memorials, local initiatives and personal follow-up to donor families. I join the hon. Member for Taunton in paying tribute to all our citizens—and their families—who have so bravely given in order to give life, especially when one takes life for granted so many times in our daily lives. To be part of the giving age is very important. There is an urgent requirement to identify and implement the most effective methods through which organ donations and the "gift of life" can be promoted to the general public, and specifically to the black and minority ethnic population.

**Laura Moffatt:** Does the Minister agree that an essential part of the negotiation as regards people from black and ethnic minority groups is to understand the faith issues that may or may not be involved? I congratulate those who are very keen to ensure that people understand that there are no objections to transplantation from either the Muslim or Hindu faiths.

**Ann Keen:** I thank my hon. Friend for that intervention. Of course, the taskforce was able to gain much knowledge during the consultation period, although one cannot gain enough of it on such an important topic. It is about education and awareness and, most of all, about providing real reassurance about possible outcomes.

Research should be commissioned through Department of Health research and development funding. The Department of Health and the Ministry of Justice should develop formal guidelines for coroners concerning organ donation. The taskforce believes that its recommendations, if implemented, could increase organ donation rates by at least 50 per cent. by 2013. We have accepted all the taskforce's recommendations and made extra funding of £11 million available for implementation for 2008-09. Significantly more will follow in future years. An additional £4.5 million made available over the two years between 2008 and 2010 will fund a major publicity campaign to raise public awareness and help encourage people to register on the organ donation register.

We have also strengthened the leadership structures by appointing Chris Rudge as the first ever national clinical director for transplantation. Mr. Rudge has been tasked with driving forward the implementation of the taskforce recommendations and championing change and innovation. A programme delivery board has been established to ensure implementation work is co-ordinated and the board is overseen by the NHS medical director, Professor Sir Bruce Keogh. All the major stakeholders with a role in implementation, such as NHS Blood and Transplant and professional organisations, are represented.

I am pleased to report to the House that, one year on from the publication of the taskforce's recommendations, there are already good signs of progress. Donation and transplantation rates are up compared with the same time last year. In January this year, the number of people on the organ donation register rose to 16 million people, representing 26 per cent. of the UK population.

Following two recruitment campaigns, 39 new donor transplant co-ordinators have been recruited, and a third campaign was launched in February with the aim of recruiting a further 20 new staff. We anticipate that a total of 265 staff, including donor transplant co-ordinators and office administrative support staff, will be in post by 2010-11. The national health service has a huge role to play, and is already taking action. At least 48 clinical donation champions are now in post, with more being appointed every week. It is anticipated that every acute trust will have a clinical donor champion in place by March next year. The champions will help to ensure that local policies supporting organ donation are developed and implemented. NHS Blood and Transplant has started reimbursing trusts for donation activity. That will remove some of the current financial disincentives within the NHS.

All Members will agree that it is vital that we fully optimise the opportunities for people to donate, that relatives and friends have confidence in our transplant services, and that more people agree to donation. Research shows that the majority of people in the UK support transplantation. Organ donation in this country operates on the basis of explicit consent. If, before they die, the deceased person consented to donation, their organs may lawfully be removed for transplantation. If there was no such indication, relatives are asked about the wishes of the deceased and whether they consent to donation. The Bill aims to change the basis of organ donation to a presumed consent or opt-out system, in the belief that that would lead to a significant increase in the number of organs available for transplantation.

The Government's view is that the arguments in favour of moving towards a system of presumed consent, as opposed to retaining current arrangements, are finely balanced. We therefore welcome this opportunity for all Members to debate fully the principle of presumed consent and the practicalities of introducing such a system in the United Kingdom. Members may recall that the other place considered the issue of presumed consent in its 2008 report on increasing the supply of

donor organs within the European Union. The other place recommended that the Government's top priority in seeking to raise UK organ donation rates should be to implement the reorganisation of organ donation and transplant services. It also recommended that before a decision is taken about presumed consent, the Government should implement national and local education programmes to improve public understanding of the issue. If at a later stage a decision is taken to switch to presumed consent, the other place advised that that should not be implemented until considerable progress has been made in strengthening organ donation services.

**Mr. Chope:** Does the Minister accept that a lot of public concern is centred, for instance, around stories about the Falun Gong? There was an article in the *Journal of the Royal Society of Medicine* in March 2007 entitled, "The Falun Gong, organ transplantation, the holocaust and ourselves". The contents of such articles are enough to deter a lot of people from wanting to have their organs transplanted.

**Ann Keen:** The hon. Gentleman raises the issue of misleading, disgraceful articles, and it would be a wonder that we made any progress if they were taken seriously. However, the British public have good common sense. With the right approach of taking the matter in stages, and the correct training and balance within our national health service and education service in general, the British people will treat such articles with the contempt that they deserve.

It would be helpful to the debate if I also reminded Members that the Organ Donation Taskforce has recently considered presumed consent in considerable detail. It carried out an in-depth analysis of the issues around an opt-out system, setting up six expert working groups to report on specific areas—clinical, communications, cultural, ethics, legal and practical. The taskforce commissioned an initial analysis of the cost of setting up a new consent system, a systematic review from the university of York of international literature on presumed consent systems across the world, a comprehensive series of deliberative events in seven regions across the UK, and one-to-one interviews with leaders of 17 different faith and belief groups. In addition, the taskforce—

2.30 pm

*The debate stood adjourned (Standing Order No. 11(2)).*

*Ordered,* That the debate be resumed on Friday 19 June.

## Business without Debate

### EMPLOYERS' LIABILITY INSURANCE BUREAU BILL

*Motion made,* That the Bill be now read a Second time.

**Hon. Members:** Object.

*Bill to be read a Second time on Friday 26 June.*

### PHARMACEUTICAL LABELLING (WARNING OF COGNITIVE FUNCTION IMPAIRMENT) BILL

*Motion made,* That the Bill be now read a Second time.

**Hon. Members:** Object.

*Bill to be read a Second time on Friday 26 June.*

### SCOTTISH BANKNOTES (ACCEPTABILITY IN UNITED KINGDOM) BILL

*Resumption of adjourned debate on Question (6 March),* That the Bill be now read a Second time.

**Mr. Stephen O'Brien** (Eddisbury) (Con): I beg to move, That the Bill be now read a Second time.

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Does the hon. Gentleman speak with the authority of the Member in charge of the Bill?

**Mr. O'Brien:** Yes, Mr. Deputy Speaker.

**Hon. Members:** Object.

*Debate to be resumed on Friday 20 March.*

**Mr. Andrew Dismore** (Hendon) (Lab): On a point of order, Mr. Deputy Speaker. Is there any way of recording in *Hansard* that my Employers' Liability Insurance Bureau Bill was objected to by the hon. Member for Christchurch (Mr. Chope)?

**Mr. Deputy Speaker:** The official record will show that there was an objection.

### USE OF THE CHAMBER (UNITED KINGDOM YOUTH PARLIAMENT)

*Resumption of adjourned debate on Question (12 March),*

That this House welcomes the work of the United Kingdom Youth Parliament in providing young people with an opportunity to engage with the political process and bring about social change; notes that many hon. Members from all parts of the House are actively involved in the work of the UK Youth Parliament; and accordingly resolves that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House.

**Hon. Members:** Object.

*Debate to be resumed on Monday 16 March.*

## West Sussex Primary Care Trust (Review)

*Motion made, and Question proposed,* That this House do now adjourn.—*(Mr. Spellar.)*

2.31 pm

**Laura Moffatt** (Crawley) (Lab): I am delighted to have secured the debate.

It strikes terror in the hearts of most of our constituents, and certainly in the hearts of Members of Parliament, when they hear that there are to be health service reviews in their areas. In Crawley, we have been in the unfortunate position of being subjected to our fifth review since the early 1990s. It is without doubt a difficult experience, but the purpose of this debate is to demonstrate that we can do things decently, and ensure that reviews truly represent the views of not only local people, but local commissions and health experts. I firmly believe that the recommendations of the West Sussex primary care trust review of health services in the north-east of the county, which produced a report in January, will be implemented over the next year or so.

I mentioned that Crawley's health services had been reviewed several times. In 1998, they were reviewed by a citizens' panel. There was a consultation involving Mid Downs community health council in 1999, and West Sussex health authority organised a further consultation in the same year. The independent Bagnell review, which began in 2000, continued for two years. In the years leading up to 2005, we underwent a further review in the form of the fit for the future consultation conducted by West Sussex primary care trust.

I want to make clear that I am not opposed to the reviewing of health services. They are unrecognisable in comparison with their condition at the time when I was nursing. Until three weeks before the general election, I was still giving people bedpans. The health service has transformed itself since then, with the help of fantastic, dedicated staff—a third more staff, along with three times as much money. That has helped to ensure that our health service is something of which we can be justly proud. Last year we celebrated its 60th anniversary with fantastic events around the country.

Many Members of Parliament may find it easier to say "Please leave things as they are." People become fearful and anxious about reviews, and many things may flow from that, including quite a difficult life for Members of Parliament. However, I became convinced that our health services needed to be reviewed. I suspect that most Members took a very different view.

I was convinced of the need for such reviews not only because I was a nurse in the service for 25 years, but because I understood that my constituents deserved better. Many of the decisions went against the views we in Crawley held, and were difficult to take. The way to overcome that is to have a new process, and that is what I want to concentrate on this afternoon. The way in which a review is undertaken can utterly change how recommendations are received at the end of the process.

All the people who took part in all the reviews undertaken in the last decade or so—the clinicians and the residents of Crawley—made a fantastic contribution. They were committed in their views, and they understood what was being asked of them, but I believe the process let them down in the end. They became confrontational; it looked like a "them and us" process. It is very sad to see constituents who just want improved services for their area in conflict with their local health services. I believe the north-east review by West Sussex PCT has avoided that this time, and we should congratulate it on that. If further reconfigurations and reviews of service have to be undertaken, I hope that the best practice of the north-east review will be used as an example of how to conduct business within the service—how to include our communities and give people a voice within the service, and allow clinicians the opportunity to put their point of view, and sit down around the table and discuss any proposals in detail.

One reason why the process was so different was that we were quickly told that there would be an independent review by the panel chairman, who was Sir Graeme Catto, the president of the General Medical Council and an eminent clinician in his own right. He was appointed to the post, and quickly grasped the subject of the health services under review—those in the north-east of the county of West Sussex—in order to understand how they were working. Therefore, he quickly got up to speed with how things were. He started to talk to all sorts of people—including Members of Parliament, clinicians and local people. He then set up a panel of very good people to listen to the views of local people. Importantly, at that point a stakeholder group—comprising many people—was set up and invited to many meetings, to hear and share evidence with the panel, and to look very closely at particular services. I cite the example of the children's services in and around my constituency, which are vital, especially for those families with children with long-term conditions who need constant care and attention. Improving the pathway of care for those children, and their ability to access services more quickly, was vital. We did not just spend a couple of hours trying to decide how best to do that. One of our local GPs, and a leading expert on children's services—someone who has taken a lead in making sure we have good well-being programmes in Crawley—undertook to examine those services, which included lots of people contributing their views. What we have now is a proper programme for improvement, which I believe will transform children's services. That was just one strand of the work undertaken in the review.

I remember that in previous reviews there was talk of closing the paediatric unit, and we were all out on the streets marching in protest. We were incredibly cross that the proposal had been put to us with little or no care by the local health chiefs. This time, we spent a lot of time sitting down together—some 50 or 60 people were involved, including some parents of children with long-term conditions. We were all given an opportunity to contribute to a discussion about how best to improve children's services. That is now firmly part of the north-east review recommendation and something to which we can sign up.

The process has involved the panel and the stakeholder group meeting regularly. I tried hard to attend most of the panel's meetings, because I wanted to listen to other constituents and clinicians who have a particular view, even if it is an opposing one. Sometimes difficult issues were aired, but everybody dealt with each other with courtesy and kindness, and listened to the views of others in a manner that should be replicated in this House when we discuss crucial issues that make us feel

incredibly anxious and worried that somebody might not share our view. The whole process took almost a year, as was necessary; it needed to be inclusive and to ensure that, each step of the way, those who were assisting with the process on the stakeholder group, and the public, were consulted. The people who took part were decent, good and honest, and they had to come to some difficult decisions.

We followed a programme, looking at particular parts of the service in detail. This was not just about saying, "Look you are going to have to change. We are going to keep changing our minds about how we are going to provide this service." We started with a blank sheet. We started by asking what we wanted and what was the most important thing for us. We started by looking at the fantastic radiotherapy services that we receive St. Luke's hospital in Guildford, but getting to that hospital involves a very difficult and long journey. People are very grateful for those services, but what if we were to have a linear accelerator in Crawley? Would that not be the most amazing thing to set up to supplement our cancer services? That was one of the recommendations of the review.

We wanted to examine how we can genuinely help carers in our homes and support them in a much more meaningful way. We wanted to consider how we ensure that we protect children. Even before our debates yesterday on the publication of the Laming progress report on children's services within local authorities, our review had already decided that there should be more health visitors for the Crawley area to assist parents—the review was ahead of the game in saying that we know how to protect children and we know what will be needed for the future. Our experience was far from combative; it was collaborative and co-operative, and it allowed us all to contribute in a atmosphere in which we did not feel fearful about raising our voice or having a different point of view from other people in the room. This was a good way of reviewing our services.

Astonishing changes are contained in the review; because we started with a blank sheet, it did not have the flavour of clinicians just saying, "This is what we need to do, because we are going to save money this way. The service will then be better." Often I am sure that that is true, but we addressed the issues that were really important to people. We examined the expensive 0844 numbers to which many GP services have signed up; we were committed to examining how to ensure that people do not have to pay too much to contact their valuable GP services. We wanted to find a way to re-establish good links between Crawley and East Surrey hospital—there used to be a shuttle bus, but sadly it was withdrawn by the acute trust at the time, and that made people extremely angry. The review accepted that that change made people angry, and brought everyone around the table, including the trust, the borough council and county council, to discuss how to re-establish a decent link between the towns in the area and the acute hospital that serves the most-ill patients.

Given that the principle that we needed a 24-hour accident and emergency department that would accept seriously ill patients—such as those with heart attacks, who can get an angioplasty done in next to no time—had been accepted, we also needed to accept that people need to be able to access the hospital. That is why I was delighted that the review recommended that Crawley hospital should have more beds. Because of its grass-roots nature, the review understood the pressure on beds in the acute trust and the need to provide valuable services. The hospital makes a valuable contribution to health care in the area, and it is probably the largest such hospital run by a PCT.

The review process now has a different feel to it, and we all feel that we can sign up to it. I hope that the Minister will feel able to use it as an example of how to approach continuing reconfigurations. Our fabulous NHS will continue to change. For example, we will have more care at home and we will begin to lose the reliance on the hospital as the front door of the NHS. I hope that the Minister will be able to tell me that she will use this review as a good example of how to change services locally.

2.47 pm

**The Parliamentary Under-Secretary of State for Health (Ann Keen):** I congratulate my hon. Friend the Member for Crawley (Laura Moffatt) on securing this debate on health services in the north-east area of West Sussex. If I may say so, this is a unique occasion, as two nurses are discussing business in the House today. I know that this matter is of great importance to my hon. Friend and her constituents, and I appreciate the comments that she has made. She is known for her commitment to her constituents and to health services. She is in a unique position in being able to assist in the review, and she has shown great leadership in doing so.

I congratulate NHS staff in West Sussex on the hard work that they have put into improving services and performance. Millions of people receive high quality and safe services every day. The best of the NHS is among the best health care in the world and we should all be proud of its achievements.

The review of health care and health services in the north-east of West Sussex was commissioned by West Sussex primary care trust in May 2008. That followed the "Creating an NHS fit for the future" programme and consultation, which took place during 2007-08.

In terms of acute health care, the fit for the future programme was concerned primarily with services in the south of West Sussex, along the coast at Chichester and Worthing, and at Haywards Heath in mid-Sussex. It was therefore felt that further work was needed to look at the future of services in the north-east of West Sussex.

An important point that I wish to stress at the outset is that the organisation of health care is decided not by Ministers or civil servants in Whitehall, but by local health care professionals on the ground. Organisational change conjures up a host of images, not all of them positive, and has become a euphemism for closures and downgrading of hospitals, as my hon. Friend outlined. It is not about closure or downgrading, but about the NHS adapting itself to new patterns of care, using leading edge technology and care pathways to treat people more quickly, more safely and in more convenient settings.

The north-east review was therefore set up, and it was led by a panel of nine professional and lay people chaired by Sir Graeme Catto, president of the General Medical Council. The review panel was asked to identify significant gaps in health care provision in the north-east

*[Ann Keen]*

sector of West Sussex. It was then asked to make recommendations to West Sussex PCT on a way forward to help improve the health and well-being of people living in the north-eastern area of West Sussex. Furthermore, the aim of the review was to ensure not only that people have quality services but that they have better access to these services.

Led so admirably by Sir Graeme Catto, the review undertook an extensive consultation process whereby it engaged with health care experts, local authorities, voluntary organisations and a 100-strong stakeholder forum that met on a number of occasions. The review also engaged with special interest groups including older people, people with long-term conditions and the black and minority ethnic communities. West Sussex PCT's board received the review panel's report on 29 January 2009. The panel made a total of 45 recommendations, which the PCT board has supported in principle while it develops a detailed response and action plan.

The north-east review panel reported a number of key findings, a few of which I shall now mention. Generally, the area had a healthy and relatively wealthy population, but a number of deprived wards were identified in the Crawley area. Although the PCT, in partnership with local authorities, had targeted initiatives to support those deprived communities, the take-up of some health services by black and minority ethnic communities was reported as low. Although the greatest proportion of the population lived in urban areas and towns, a number of people living in rural areas were adversely affected by poorer access to health care. It is estimated that the population of the area is likely to increase by a greater proportion than that of the county as a whole.

There had been less investment in a number of services in the north-east sector than in the rest of the county, especially as regards therapy services and some aspects of nursing. I am sure my hon. Friend is pleased that one of the review's recommendations is that a shortfall in in-patient capacity should be met by patient improved pathways and improving productivity at Crawley and Horsham hospitals. I understand that West Sussex PCT has agreed to consider the opening of closed wards at those hospitals to supplement the overall secondary care system in the area.

West Sussex is planning to address the current shortage of health visitors in Crawley by this autumn to ensure equity of provision in the area and to support the arrangements for the safeguarding of children. The review also recommended more female GPs for black and minority ethnic communities by spring 2010 to encourage take-up of health care services by members of the minority communities.

I understand that the West Sussex health overview and scrutiny committee has been involved with the review process. It established a taskforce in June 2008 to scrutinise the north-east review. The taskforce met on a number of occasions and took part in panel and stakeholder forum meetings. The West Sussex health overview and scrutiny committee was presented with a review of the consultation process in December 2008. I understand that the committee was broadly satisfied with the consultation process. The content of the report was discussed at a committee meeting on 24 February and 18 recommendations were made. That will help the PCT board make a final determination on the original recommendations in due course.

I am advised that as well as the West Sussex overview and scrutiny committee a majority of the stakeholders engaged with during the review are supportive of the process and have welcomed the recommendations in the report. They include the mid-Sussex and Crawley practice-based commissioning groups, local district councils and the stakeholder forum. That support is encouraging and will enable the process to move ahead smoothly. It is obvious, as my hon. Friend said, that the consultation looked at good practice in the area.

I am sure that my hon. Friend agrees that the decisions being taken in her area about health are being led by the local NHS, with the support of local clinicians, the public and, indeed, their Member of Parliament. The local NHS is determined both to improve the quality of service that the public receive and to provide better access to services. I urge her and fellow MPs to continue to work constructively with local NHS organisations and NHS South East Coast to ensure that the residents of north-east West Sussex are provided with the very best health services now and in the future.

Those services are funded by taxation but they are also supported by many different organisations, and with your permission, Mr. Deputy Speaker, I should like to mention today's fundraising event. It relates to health not only in the UK but around the world. On this special day—red nose day—I congratulate in particular the brave celebrities who climbed Kilimanjaro to raise more than £1 million: Gary Barlow, Chris Moyles, Cheryl Cole, Fearne Cotton, Alesha Dixon, Denise Van Outen, Ben Shephard, Kimberley Walsh and Ronan Keating. The British public are supporting red nose day and Comic Relief to raise money not only for health and children in the UK, but for much-needed help in the developing world.

I thank you, Mr. Deputy Speaker, for allowing me to make those remarks on this day, and I thank my hon. Friend for raising such an important debate.

*Question put and agreed to.*

2.56 pm

*House adjourned.*

# House of Commons

*Monday 16 March 2009*

*The House met at half-past Two o'clock*

**PRAYERS**

[MR. SPEAKER *in the Chair*]

# Oral Answers to Questions

## WORK AND PENSIONS

*The Secretary of State was asked—*

**Jobcentre Plus**

1. **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): What assessment he has made of how Jobcentre Plus in Devon and Cornwall is responding to the increase in demand for its services arising from the recession. [263311]

**The Secretary of State for Work and Pensions (James Purnell):** Jobcentre Plus in Devon and Cornwall continues to perform well despite rising work loads. New jobseeker's allowance claims are being cleared within target. Jobcentre Plus is increasing staffing and ensuring it has the office and infrastructure capacity it needs to respond to the current economic situation.

**Linda Gilroy:** I thank my right hon. Friend for that reply, which certainly chimes with what district manager, Phil Weeks, told me when I met him recently. However, given the pressure and the great need among our constituents for the service, is my right hon. Friend absolutely confident that there are sufficient resources for us to be on the front foot not only now, but during the forthcoming, important months?

**James Purnell:** Yes, I think I can give my hon. Friend that assurance. We are recruiting 6,000 extra people for Jobcentre Plus, 4,000 of whom have already been recruited. Thanks to that and the work that Jobcentre Plus staff are doing, we are processing claims in 10 days, compared with 13 days two years ago, and performance is up, even though more work is going through. I am sure that my hon. Friend will join me in thanking Jobcentre Plus staff for all the work that they are doing.

**Mr. Adrian Sanders** (Torbay) (LD): Given that, within Devon and Cornwall, unemployment has risen faster in my constituency than anywhere else, I have visited staff at my local Jobcentre Plus, who are doing a fantastic job. However, is there any possibility of reopening Jobcentre Plus in Paignton? Frankly, the Torquay centre is becoming overwhelmed with the ever-rising number of people out of work.

**James Purnell:** If there are specific issues in Torquay, I am happy for the hon. Gentleman to write to me about them. Overall, however, we believe that the system is performing well—phone calls are being answered in a minute, and we are processing people's claims faster than we were when unemployment was low. The key is for us to make sure that the system is flexible enough to respond to the high level of claims. We must also bring in extra help. We are, for example, bringing in extra training at six months so that people do not go from being short-term unemployed to long-term unemployed if they can get back into work with that extra help. I am glad that the hon. Gentleman has congratulated Jobcentre Plus staff and I shall pass his words on to the chief executive.

**Mr. Frank Field** (Birkenhead) (Lab) *rose—*

**Mr. Speaker:** Order. The right hon. Gentleman's constituency is a bit far north of Devon and Cornwall, but we will hear what he has to say.

**Mr. Field:** Does my right hon. Friend agree that one of the problems facing Jobcentre Plus in the south-west, as elsewhere, is the lack of jobs to offer claimants who want to work? Is he not disturbed, as I am, that up to last month the Government allowed in 150,000 skilled workers on their work permit scheme without those jobs having been tested and advertised first in the Jobcentre Plus network in the south-west and elsewhere? Will my right hon. Friend contact the Home Office and the Treasury this day to get that rule changed so that no one from the rest of the world is allowed to work in this country on a skilled-work permit until the jobs have been advertised in Jobcentre Plus?

**James Purnell:** We have already said that that is exactly what we are going to do; jobs at tier 2 will be advertised in Jobcentre Plus. However, it is important that we recognise two things. It is now harder for people to find work and there are fewer vacancies, so we need to provide people with more help. However, we should also say that we should not give up on the notion of people finding work; more than 200,000 people left JSA last month. We need to recognise that times are tougher and to make sure that we do not give up on people, but help them get work—by providing them with more help, rather than cutting it.

**Mr. Gary Streeter** (South-West Devon) (Con): I add my thanks to the hard-working staff at Plymouth Jobcentre Plus, many of whom are my constituents; they are coping well with the current crisis.

With the benefit of hindsight and given that unemployment in Plymouth has risen by 53 per cent. in the past 12 months, was it not a crass error of judgment to close Plympton jobcentre? That has simply added more pressure to staff in the centre of the city.

**James Purnell:** Not at all. We wanted to modernise the service and we would have done that whatever the level of unemployment. We merged Benefits Agency and Employment Service offices so that when people sign on, they have to look for work as well. That process was recommended and praised by not just the National Audit Office, but the Chairman of the Public Accounts Committee, who commended the modernisation as a

model big public sector project of its kind. The modernisation has been done precisely to improve the service for people, and it has improved.

In Plymouth, we are processing claims in 10 days, which is a significant improvement on two years ago. We are able to do that because of the modernisation programme, which has made the system more efficient and released resources so that there can be more front line advisers and we can give better help to people. I would have thought that the hon. Gentleman's party supported efficiency, but obviously it does not.

**Julia Goldsworthy** (Falmouth and Camborne) (LD): Many of my constituents claim child benefit through their local Jobcentre Plus office, but they report delays of three to four months in processing claims, which has a knock-on effect on many other benefits. What can the Secretary of State say to assure those people that there will be joined-up thinking across Departments and local authorities to ensure that people get the support, whichever Department it comes from, exactly when they need it?

**James Purnell:** The hon. Lady makes an important point. She may know that we have been conducting a pilot with the Local Government Association and Her Majesty's Revenue and Customs to look at how we can provide a single place for claiming benefits from HMRC, housing benefit and benefits from us. That has been so successful that we are now rolling it out around the country. She makes exactly the right point: people should have a convenient service whereby they can go into Jobcentre Plus and claim all those benefits in one place.

**Jobseeker's Allowance**

2. **Mr. Rob Wilson** (Reading, East) (Con): How many jobseeker's allowance claimants there were in (a) the UK and (b) Reading, East constituency at the latest date for which figures are available. [263114]

**The Minister for Employment and Welfare Reform (Mr. Tony McNulty):** In January 2009, there were 1,282,645 jobseeker's allowance claimants in the UK and 1,585 in Reading, East constituency. Those numbers are based on seasonally unadjusted figures.

**Mr. Wilson:** I thank the Minister for that answer. Will he ask his colleague, the Secretary of State, to guarantee two things when he visits Jobcentre Plus in my constituency tomorrow? First, will he guarantee to its hard-working staff that Reading jobcentre will not join the 38 jobcentres that have been closed by this Government? Secondly, could he explain to my constituent, Chris Rickman, why he may soon be able to claim £300 for a new suit for an interview but is refused an advance of the travel costs to get to an interview?

**Mr. McNulty:** I am sure that my right hon. Friend will get the same warm welcome at Reading Jobcentre Plus as I did when I was there quite recently. I gave the assurance then that not only would it remain open but that it, along with all the others, will get what it needs in terms of people, as well as other resources, to carry on doing the splendid job it is doing. On the hon. Gentleman's second point, I therefore assume that he is against what we have announced on the £300.

**Dr. Brian Iddon** (Bolton, South-East) (Lab): On yesterday's "Politics Show", my right hon. Friend the Secretary of State was asked whether he could live on £60.50 a week jobseeker's allowance. I can tell him that it is almost impossible for someone to do that if they are feeding themselves properly, paying their utility bills, especially throughout this winter, and have commitments such as direct debits or standing orders for contents insurance. A close member of my family is on jobseeker's allowance, and if I were not topping it up—indeed, almost doubling it—he would not have a decent standard of living. I plead with my right hon. Friend the Minister to consider raising it when Budget time comes around.

**Mr. McNulty:** We have already announced that jobseeker's allowance will go up in April; I am not sure if it is by 5 per cent. or 6.3 per cent. As my right hon. Friend said yesterday, very few people are required to live on jobseeker's allowance alone; with a combination of other benefits, they will always be getting significantly more than that. I take my hon. Friend's point, none the less. We have modernised and put efficiencies into the Jobcentre Plus network to try to get people back into work at the earliest opportunity.

**Tony Baldry** (Banbury) (Con): The average age of engineers on the London underground is now 58. I have a large number of automotive engineers on my patch who have just been made redundant at prodrive—excellent guys with good engineering skills. What will the Department for Work and Pensions do with the Department for Innovation, Universities and Skills and other Departments to try to ensure that where skills that are needed in one part of the country are available in another part, there is a match-up? At the moment, London Underground appears not to be able to recruit new engineers. It seems daft that we have very good young automotive engineers in one part of the country, yet we are preparing for the 2012 Olympics in London, including work on Crossrail, with an average age of 58 on the London underground. Why cannot we use engineers from the west midlands here in London?

**Mr. McNulty:** I am sorry if I looked perplexed, but the hon. Gentleman is down to ask Question 11 and I was not expecting him to jump up quite so readily. He has now missed the excellent answer that I had for him on his own question.

Through what we are doing with DIUS and other Departments, and with Train to Gain, we are considering precisely that sort of skills mismatch in various parts of the country. To be perfectly fair to him, the Mayor of London, whose name escapes me for the moment, announced recently that efforts are being made to join up what is being done in recruitment and apprenticeships to the greater advantage of not only the London labour market but those beyond. However, the hon. Gentleman makes a perfectly reasonable point, and I shall certainly take it up with the Mayor of London next time I see him.

**Rob Marris** (Wolverhampton, South-West) (Lab): It is very sad that in the face of the world recession, unemployment under this Government has now reached the level that it was at in 1997 when they came into power. Will my right hon. Friend assure me that this Government will not abandon the International Labour

Organisation measure of unemployment, and will not seek to cook the books on unemployment statistics, which the previous Government did on 19 occasions?

**Mr. McNulty:** If I had the time, I would go through the 19 times when the previous Government cooked the books. We have recognised the ILO's figures and what they measure, and we are quite happy on a month-by-month basis to take full account of those figures as well as the JSA claimant count, which clearly measures something entirely different.

**Greg Mulholland** (Leeds, North-West) (LD): The Minister will be well aware, as is every jobcentre in the country, of the real pressure that is being put on front-line staff. That makes the ill-advised programme of cuts that we have seen very ill thought through. Reports are circulating that people are being taken away from other areas, such as disability and child maintenance benefits. Will the Minister assure the House that those people will not suffer to plug the jobseeker's allowance gap?

**Mr. McNulty:** As part of the overall rationalisation and greater efficiency of Jobcentre Plus, and in the context of everything that the Department has done, more and more staff were going to be moved from those areas to the front line anyway. That will not in any way damage the integrity of the front line in those services. I can give the hon. Gentleman that assurance, but I shall take his point about ill-advised closures with the fatuity that was implied in it.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): The unemployment rate in North-West Leicestershire has risen quite substantially in recent months. From a rate of 2.5 per cent., which put us in the lowest quartile of UK constituencies, it has risen by 40 per cent. to 3.5 per cent. That has included the closures of United Biscuits at Ashby and, worryingly, the long-standing firm of Pegson in Coalville. Will the Minister be willing to see me to discuss that run-down of staff, which includes their transferring to the firm's country of ownership? I want to check that the firm is operating within EU guidelines.

**Mr. McNulty:** As my hon. Friend well knows, I am always very happy to see him.

**Steve Webb** (Northavon) (LD): The Secretary of State has kindly invited hon. Members to a seminar next week on the personalisation of the welfare system. What personal service can jobseekers expect, given that even after the current round of recruitment there will still be 10,000 fewer people working in jobcentres than there were four years ago, with rapidly rising unemployment?

**Mr. McNulty:** But with more and more on the front line doing precisely what my right hon. Friend the Secretary of State suggests—providing a greater personalisation of service, focused on the individual. Given the hon. Gentleman's question, my only point about the seminar is that he should attend it and listen.

**Kerry McCarthy** (Bristol, East) (Lab): I have been contacted by a constituent who is concerned that the announcement of a Government package to help senior executives who have lost their jobs to get off jobseeker's allowance and back into work indicates that we are not concerned about other people who have lost their jobs. Will my right hon. Friend reassure me that we will make equal efforts to help anybody who has lost their job in the current downturn to find work again?

**Mr. McNulty:** As was rather implied by the last question, we are seeking to personalise the service more to each individual. If there are gaps because of what the current recession has presented us with, we will seek to fill them. It is new to have executives coming through the system, and Jobcentre Plus needs to respond to that. However, we respond to each and every individual in their own terms.

Just as important, from my perspective, are those who up until now have been very successful in work. When people present at the jobcentre having been successfully in work for 15, 20 or 25 years, they need to be treated very differently in the initial encounter from someone who presents there regularly. I can assure my hon. Friend that we seek to provide the best service for each and every person who presents to Jobcentre Plus.

**Mrs. Theresa May** (Maidenhead) (Con): On 25 November, the Secretary of State said that

"we are today announcing a moratorium on Jobcentre Plus closures".—[*Official Report*, 25 November 2008; Vol. 483, c. 620.]

Does the moratorium still stand?

**Mr. McNulty:** Yes.

**Mrs. May:** It is a funny sort of moratorium on Jobcentre Plus closures that allows jobcentres to continue to close. When the Secretary of State announced that moratorium, people assumed that it meant that no more jobcentres would close, but jobcentres in Orpington, Brixton and Feltham are closing. The one in Orpington will close on 1 April. People will have to travel to Bromley, where the jobcentre is already struggling to cope with the numbers. There are queues and people are getting only a three-minute interview with a personal adviser. Moreover, the Government will have to pay to extend the jobcentre in Bromley to cope with the increased numbers. Are the Government genuinely that incompetent or do they just take people for fools?

**Mr. McNulty:** There is only one fool in the room. The right hon. Lady's predecessor said on 25 November:

"Guess how many they were planning to close next year? Three. Some moratorium.—[*Official Report*, 25 November 2008; Vol. 483, c. 622.]

The hon. Member for Epsom and Ewell (Chris Grayling) knew in November that those three jobcentres were already scheduled for closure and not among the 25 that were announced as part of the moratorium. He got it in November; we are now in March—give her a bit of time and the right hon. Lady will get it, too.

## Pensioners (Living Standards)

3. **John Robertson** (Glasgow, North-West) (Lab): What additional steps the Department has considered taking to support pensioners who are dependent on interest from their savings accounts to maintain their standard of living; and if he will make a statement. [263315]

**The Minister for Pensions and the Ageing Society (Ms Rosie Winterton):** As well as protecting pensioners who are savers by preventing the collapse of the banks, this year we also added £60 to pensioners' Christmas bonus, increased winter fuel payments and tripled cold weather payments.

**John Robertson:** I thank my right hon. Friend for her answer. She is right—we have done quite a bit for pensioners, but many still have problems with their savings. In some cases, with interest rates going down, savings will not match the needs for which they have to pay. What do the Government intend to do to help those people? Is there more in the pipeline for them? Will she assure me that, even though half do not pay tax, the rest will be looked after, and that we will ensure that they do not suffer, especially towards the end of the year when winter approaches again?

**Ms Winterton:** I understand my hon. Friend's concern. Obviously, we all feel sorry for people who are affected by the economic downturn. I confirm that half the pensioners who are over 65 do not pay tax. We have taken a series of measures to get real help to people now, when it counts. That is why we focused especially on the extra money for the winter fuel payments and the Christmas bonus. Although last year approximately £8 million was paid out in cold weather payments, the figure this year is £209 million.

**Mr. Mark Field** (Cities of London and Westminster) (Con): Is the Minister satisfied and happy about the balance between the pain that borrowers endure and the pain that savers suffer during the recession?

**Ms Winterton:** As I said, we have tried to get help to pensioners, especially through the extra winter fuel payments and the Christmas bonus. Compared with 1997, when the Government came to power, the average pensioner is about £1,600 a year better off and the most vulnerable pensioners are about £2,200 better off. If we had continued with the 1997 Tory Government's policies, we would spend £13 billion less on pensioners.

**Miss Anne Begg** (Aberdeen, South) (Lab): There has always been a mismatch between the assumed income that pensioners can receive from their savings and the interest that they could receive. Now that interest rates are so low, has the time come for the Government to re-examine pensioners' assumed income from their savings? Obviously, there is no way in which they will get the assumed amount.

**Ms Winterton:** My hon. Friend is talking about the 10 per cent. rule—the social tariff. The Conservative Government introduced tariff income in legislation in 1987. It was never linked to interest rates; an assumption was made about a sum that could reasonably be expected to contribute to weekly income. Instead of assuming £1 for every £250, as the Tory Government did, we assume £1 for every £500. In addition, under the Conservative Government, no savings over £6,000 were allowed. We have raised that so that there is no limit on the amount of savings people can have if they are to access savings credit.

**Mr. Nigel Waterson** (Eastbourne) (Con): May I join the Minister down memory lane? Does she remember these words:

"The current system penalises pensioners who have prudently built up capital...by assuming pensioners get unrealistically high returns"?

She should recognise them, because they were in her Government's consultation paper in 2000. Will she now revisit that unfair rule, which is causing extra hardship to hundreds of thousands of pensioners who have been prudent enough to save during their working lives?

**Ms Winterton:** I am not sure whether the hon. Gentleman was in the House when the regulations were introduced or whether he opposed them under the previous Conservative Government. I do not remember that, so perhaps he will correct me if I am wrong. We felt that the previous system was unfair, particularly the £6,000 cut-off point, at which no savings were taken into account, so we ignore the first £6,000 of savings. We ask people to contribute a small amount above that, but we have also made the rules more generous than they were under the previous Conservative Government.

**Natascha Engel** (North-East Derbyshire) (Lab): What does my right hon. Friend say to pensioners who had low incomes during their working lives, who put something aside for a rainy day and who use the interest on savings to make essential repairs, but who otherwise live a hand-to-mouth existence? How is she promoting all the work that she says she is doing to make them feel that it is not as unfair as they feel it is?

**Ms Winterton:** One of the things we have done is raise personal allowances for older people, so that more than half of all people over 65 do not pay any tax. In addition, through the pension credit system we have tried to target money on the most vulnerable—those who perhaps saved a little bit, but who were penalised under the previous Government because of the little bit of money they had saved. We have changed the system so that it does not a punitive effect on the very people whom my hon. Friend talks about.

## Jobseeker's Allowance

4. **Mr. David Jones** (Clwyd, West) (Con): How many claimants of jobseeker's allowance there were in (a) the UK and (b) Clwyd, West constituency on the latest date for which figures are available. [263316]

**The Secretary of State for Work and Pensions (James Purnell):** In January 2009, there were 1,282,645 jobseeker's allowance claimants in the UK and 1,403 in Clwyd, West constituency. Those numbers are based on seasonally unadjusted figures.

**Mr. Jones:** The Secretary of State may know that the Indesit-Hotpoint factory in Bodelwyddan, which employs 305 people, is due to close at the end of July. That will be a serious blow to an area with very little other manufacturing industry. The factory union has arranged an advisory day on 22 May, with a view to helping the workers deal with the financial consequences of the closure. Will the Secretary of State encourage the local Jobcentre Plus office to attend the event to give the

workers the benefit of its experience and as much advice as possible in dealing with this severe blow for them and their families?

**James Purnell:** Yes, I am aware of those redundancies. I believe that we are still in the 90-day consultation period. I will ensure that we attend as part of the rapid response service. We will also want to work with the union and the Welsh Assembly Government, who have a good scheme—the ProAct-ReAct scheme—to ensure that we can get help that enables people to get back into work as quickly as possible.

**Andrew Miller** (Ellesmere Port and Neston) (Lab): The hon. Member for Clwyd, West (Mr. Jones) makes a perfectly reasonable point. One of the difficulties in our area is that the travel-to-work area crosses the Welsh border and reaches into Chester and my constituency. Will my right hon. Friend ensure that, in engaging with the work, the DWP takes into account the travel-to-work area and ensures that advice is given that crosses the border properly?

**James Purnell:** Yes; indeed, I met the Secretary of State for Wales and the First Minister recently to do exactly that, because the Welsh Assembly has some devolved responsibilities in this matter. We want to ensure that the offer that we have in place is seamless across the border. There are some differences between the Welsh schemes and our schemes, so that will be a challenge, but we are working closely together to do exactly what my hon. Friend wants.

**Hywel Williams** (Caernarfon) (PC): The claimant count in Clwyd, West has gone up by 40 per cent. in the last year and the number of vacancies posted has gone down by two thirds. The same figures pertain to my own Caernarfon constituency. Is the Secretary of State aware that the director of CBI Wales, David Rosser, said on Friday:

"We believe the Welsh Assembly Government's response to the credit crunch has been the quickest and most comprehensive of any devolved government in the UK."?

What lessons can the right hon. Gentleman's Department learn from the success of the Labour/Plaid Cymru Government in Cardiff?

**James Purnell:** I thank the hon. Gentleman for that unusually friendly question. I can reassure him that we have learned directly from the ProAct-ReAct scheme. We think that this is the right approach, bringing about at its heart extra training opportunities and extra employment subsidies. That is exactly what we have done with our six-month offer, which will come into force in April, as the hon. Gentleman knows. We are working closely together and I hope that that will be to the benefit of the hon. Gentleman's constituents and all the people of Wales.

**Mr. Mark Harper** (Forest of Dean) (Con): In response to a question put by my right hon. Friend the Member for Maidenhead (Mrs. May) in last Tuesday's unemployment debate, the right hon. Gentleman said that the Government were still committed to rolling out the flexible new deal on 1 October. On the same day, however, the Minister for Employment and Welfare Reform said that the Government still aimed to do that, but acknowledged that, given the time slippage and delay in the Government's issuing of contracts, there were concerns about whether bidders would be able to hit the timetable. Bidders have been asked to indicate in their tender submissions whether they can hit it, but given the Minister's acknowledgement of these concerns will the Secretary of State tell us about the Government's contingency plan?

**James Purnell:** We are still committed to October. In the same way as Jobcentre Plus had to amend its proposals in the light of the downturn, so must our providers. The reason the hon. Gentleman is raising questions about delivery is to distract from the fact that he will be cutting £2 billion from the employment budget, just on employment benefit—

**Mr. Harper:** Nonsense.

**James Purnell:** It is not nonsense; it is the truth. The Conservatives have a policy of opposing the fiscal boost, so they need to own up to the consequences, which will mean cutting help for people just at the time unemployment is rising. We will not repeat that mistake, which was their mistake in the '80s and '90s.

### Departmental File Stores

5. **Mr. Gordon Prentice** (Pendle) (Lab): Whether agency workers are used by Capita for its contracted work in his Department's file stores. [263318]

**The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw):** Agency workers are employed by Capita for contracted work at all Department for Work and Pensions file stores. The number of agency staff employed can vary according to the specific project activities required by DWP. Capita undertakes strict security verification checks on all employed staff. DWP and Capita both take the handling and security of all data extremely seriously, and we have robust procedures in place that we review regularly.

**Mr. Prentice:** Ten million files are in the file store in my Pendle constituency, so I want the Minister to reassure me that no one handling the sensitive files has a criminal record. I also want him to tell me that he does not take everything on trust from Capita, but that the Department carries out spot checks in the file store—because my spies are everywhere!

**Jonathan Shaw:** Right, well, we know where one of them is, anyway. I can assure my hon. Friend that DWP continues to review the processes. He wants to be certain that proper procedures are in place regarding the files in the office in his constituency and in others throughout the country. We are about to undertake a further audited internal review, in which we will look at security infrastructure processes, staff recruitment—both permanent and casual—security checks and procedures for staff training and compliance and monitoring processes. I am happy to meet my hon. Friend—and he can bring along his associates if he wishes—to discuss the outcome of that review. We take it seriously; it is ongoing; and I would be happy to discuss it when it is completed.

**Citizens' Pension**

7. **Mr. Douglas Carswell** (Harwich) (Con): If he will consider the merits of introducing a pensions system in the UK based on the principles of the citizens' pension system in New Zealand. [263320]

**The Minister for Pensions and the Ageing Society (Ms Rosie Winterton):** We did consider it, but, like the Pensions Commission, concluded that because of the complexity and expense that its introduction would involve, it was not the right approach for the United Kingdom.

**Mr. Carswell:** Given that the Minister has ruled out the citizens' pension on the grounds of its extraordinary cost, does she agree that it is pure fantasy politics for the Liberal Democrats to pretend that it is a feasible alternative?

**Ms Winterton:** I thought it was the Conservatives' policies that were fantasy, but I am happy to describe all the Opposition parties' policies as fantasy land.

The obvious problem with the Liberal Democrats' policy is that it rules out the possibility of conveying help to the most vulnerable people. Without any element of means-testing, it is very difficult to help those people. I agree with the hon. Gentleman that, once again, the Liberal Democrats have come up with an idea that is no solution. It represents, perhaps, the same level of thinking as that of their leader, who believed that the basic state pension was £30 a week.

**Mr. Andrew Love** (Edmonton) (Lab/Co-op): Even given the introduction of personal accounts, a fair amount of evidence is emerging to suggest that in the next generation and the generation after that, significant numbers of retired people will be living in poverty. Is my right hon. Friend aware of that, and has any research been carried out that might lead to action that ensures that future generations can live in dignity?

**Ms Winterton:** I am sure my hon. Friend will know that as a result of the pension reforms that we are introducing, some 9 million people who have not been able to gain access to second pensions will have that access because of automatic enrolment. Let me also draw his attention to a European Commission report published last week, which stated that while in 1997 pensioner incomes in this country were 15 per cent. below the European average, they are now 9 per cent. above it.

**Jobseeker's Allowance**

8. **Mr. David Gauke** (South-West Hertfordshire) (Con): How many jobseeker's allowance claimants there were in (a) the United Kingdom and (b) the South-West Hertfordshire constituency on the latest date for which figures are available. [263321]

**The Minister for Employment and Welfare Reform (Mr. Tony McNulty):** As I said earlier, in January 2009, there were 1,282,645 jobseeker's allowance claimants in the UK and 1,006 in the South-West Hertfordshire constituency. Those numbers are based on seasonally unadjusted figures.

**Mr. Gauke:** Given the OECD's prediction that unemployment in the UK will rise higher and faster than that in any of the other G7 countries, does the Minister believe that the UK economy was best placed to withstand a recession?

**Mr. McNulty:** We are not in the game of making predictions about unemployment. There are many forecasts about where unemployment and, indeed, the economy may well go, but our job is to ensure that there is help and support for each and every person who is unemployed. In that context, the Jobcentre Plus network is very well placed.

**Mark Pritchard** (The Wrekin) (Con): Both the Minister of State and the Secretary of State have referred several times today to the ProAct scheme, which helps to subsidise wages and training in many companies in Wales but is not available to companies in England. Will the Minister, or indeed the Secretary of State—we have worked together well on other occasions—agree to meet me, and other midlands Members of Parliament, to discuss how the scheme could be extended to England so that we can reduce the number of people claiming jobseeker's allowance and keep people in work?

**Mr. McNulty:** If the hon. Gentleman chooses to visit his local Jobcentre Plus on 6 April, he will see that the scheme is part of the six-month offer.

**Mr. James Clappison** (Hertsmere) (Con): Evidence from all quarters now suggests that there are many more jobseekers than there are vacancies advertised in jobcentres or vacancies in the economy as a whole—not least in the Secretary of State's own constituency, where there are 18 jobseekers for every vacancy in the jobcentres.

I welcome the fact that Ministers have now given up on the complacent assertions that they were making until recently about the number of vacancies in the economy. I include the Secretary of State, who was making such assertions until very recently. Now that those Ministers have woken up to the reality that is faced by so many of our constituents who are having to visit jobcentres, may I invite them to give jobseekers the best possible opportunity to fill vacancies by making available to them the personalised employment programme that we have said should be provided at a much earlier stage in the handling of a claim than it does under the Government's plans?

**Mr. McNulty:** My right hon. Friend the Secretary of State and I are more than aware of the reality facing people in this country. If there is any complacency, assertion and smugness, it resides on the Opposition Benches, whose Members indulge in fantasy politics and put no money up.

**Mortgage Repayment Assistance**

10. **Ms Sally Keeble** (Northampton, North) (Lab): What steps his Department is taking to help people who have lost their jobs as a result of the recession to meet mortgage repayments. [263323]

**The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher):** From 5 January, we have doubled to £200,000 the size of the mortgage on which

support for mortgage interest—SMI—is paid, and we halved to 13 weeks the length of time people need to wait to qualify. While it is too early to have precise figures, our latest estimate is that this should help prevent about 10,000 repossessions per year.

**Ms Keeble:** Will my hon. Friend look again at the people who are entitled to claim SMI? It is linked to income-based jobseeker's allowance, whereas most of my constituents who lose their jobs are on contribution-based JSA and, as a result, are under real pressure and are losing their homes. Will she instead consider that it might be linked to the tax credit system, so that more help can be given more effectively to my constituents who face losing their homes?

**Kitty Ussher:** My hon. Friend is absolutely right to raise this issue, and we will, of course, evaluate and review the SMI package in due course. It is worth making it clear that people can receive SMI even if they are on contribution-based JSA, if they are single and meet the qualifying criteria for income-based JSA in terms of the level of savings and so on. However, I suspect my hon. Friend refers to situations when somebody is part of a couple, in which case she is right as the remunerative work rule means that it is long held that they cannot access income-based benefits of any kind if their partner is working more than 24 hours per week. It is precisely to help and support this type of family in such circumstances that my right hon. Friend the Minister for Housing will shortly be introducing the mortgage support scheme.

**Mr. Peter Bone** (Wellingborough) (Con): In Wellingborough, there has been a 100 per cent. increase in unemployment in the last year, and one of the practical results that have been reported back to me is that many people are not getting their redundancy money quickly enough, so that they are unable to keep up with their home mortgage payments. Does the Minister think there is some merit in the Department for Work and Pensions taking over responsibility for redundancy payments?

**Kitty Ussher:** The hon. Gentleman is always keen to quote figures from his constituency, but I do not doubt that the schemes we have introduced will support his constituents as well as people throughout the rest of the country. I am happy to look at what the hon. Gentleman has suggested, but it is also important to say that, by working together through the lending panel with banks and building societies, we are able to establish better codes of practice, so that lenders give more discretion to those having to pay their mortgages to ensure that, unlike in the '80s and '90s, people do not end up unnecessarily losing their homes.

## Pension Credit

12. **Dr. John Pugh** (Southport) (LD): What estimate his Department has made of the amount of pension credit unclaimed by residents of Merseyside. [263325]

**The Minister for Pensions and the Ageing Society (Ms Rosie Winterton):** Estimates of the amount of unclaimed pension credit are not available at regional level. In Merseyside, there are 88,410 households—107,670 individuals—in receipt of pension credit.

**Dr. Pugh:** I thank the Minister for that answer. A constituent of mine was refused pension credit on the not unreasonable grounds that he was in prison. However, he has never committed an offence or been convicted or gone to prison in his life. Does this not show we have some way to go in administering this scheme, or that we simply do not know who is in prison?

**Ms Winterton:** Obviously, the hon. Gentleman's constituent would not have been very pleased to be accused of being in prison if he was not. However, we have been able to ensure that the targeting of pension credit has become increasingly successful. Of course we regret any errors, and I am sure the hon. Gentleman will pass our apologies on to his constituent, but, in general, I hope he will realise that pension credit has helped millions of very vulnerable pensioners, particularly since this Government came to power.

## Jobseeker's Allowance

13. **Mr. Desmond Swayne** (New Forest, West) (Con): What targets apply to Jobcentre Plus for the time within which jobseeker's allowance claims should be processed. [263326]

**The Secretary of State for Work and Pensions (James Purnell):** Jobcentre Plus has a target of 11.5 days average actual clearance time in which to process new claims for jobseeker's allowance. Jobcentre Plus is continuing to meet the challenges it faces and is currently meeting this target within 10.1 days.

**Mr. Swayne:** Is it meeting it in Lymington?

**James Purnell:** I am very happy to give the hon. Gentleman that information in writing. He will be interested to know that that figure is three days better than it was two years ago thanks to the £1.5 billion of efficiencies that we have released through our modernisation programme, which his party opposes. I know that he is the Parliamentary Private Secretary to his leader—perhaps he should send him one of his e-mails and say to those on his Front Bench that he is committed to £1.5 billion on top of the £2 billion that they will not support.

## Saving

14. **Mr. Richard Benyon** (Newbury) (Con): What steps he is taking to encourage saving through pension schemes. [263327]

**The Minister for Pensions and the Ageing Society (Ms Rosie Winterton):** We have already taken steps to strengthen and protect the private pensions system to ensure that people can continue to have confidence to save for their future. In addition, under our pension reforms, employers will automatically enrol an estimated 9 million to 11 million eligible workers into a workplace pension from 2012.

**Mr. Benyon:** Actuaries calculate that changes announced by the Prime Minister in his first Budget as Chancellor in 1997 have cost pension funds £100 billion, which is equivalent to £4,800 for every person with a pension, and there are also the deductions from pension credit payments that were discussed earlier. Is it any wonder that the savings index is as low as it is? It is historically

low. Does the Minister agree that we have to get people saving again if we are to help get this country out of recession?

**Ms Winterton:** Yes, it is important that people save. Pensions in particular are one of the best ways of saving for security in retirement. However, under this Government, we have a Pension Protection Fund that provides a safety net for 12 million members of defined benefit pension schemes. We have the financial assistance scheme and the pensions regulator, which reduces the risk of problems arising in pension funds in the first place. None of that existed under the previous Conservative Government.

## Topical Questions

T1. [263338] **Annette Brooke** (Mid-Dorset and North Poole) (LD): If he will make a statement on his departmental responsibilities.

**The Secretary of State for Work and Pensions (James Purnell):** The continuing responsibility of my Department is to ensure that people get the support they need to get back to work quickly. We are investing now so that those who have lost their jobs do not fall into long-term unemployment and so that those who have been out of the labour market for a while can be helped by the measures in our Welfare Reform Bill.

**Annette Brooke:** What progress is the Secretary of State making in promoting public procurement of Remploy products? In the factory in my constituency, a small band of very vulnerable people are left with very little work and the South West of England Regional Development Agency feels that a national approach would be more appropriate.

**The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw):** I am grateful to the hon. Lady for her question. She and I debated Remploy, and her factory in Poole in particular, in Westminster Hall. She will be aware that the regional development agencies, led by the Northwest Regional Development Agency, are developing and putting in place regional showcases where they invite local employers and businesses from the public sector to procure the many products that can be made at Remploy factories. Locally, we can all make a contribution to encouraging our public sector bodies to procure products from Remploy factories. Nationally, I am leading a cross-cutting Government committee on national procurement and I expect to make some positive announcements on that front very soon.

T2. [263339] **Ms Sally Keeble** (Northampton, North) (Lab): Bearing in mind the cost to the Department's budget of alcohol misuse, including the loss of working days, will the Secretary of State say what his response is to the recent proposals from the chief medical officer, including those on the minimum pricing of alcohol?

**James Purnell:** Clearly, I was asked about the overall policy yesterday. We made it clear that we would be sceptical about proposals that punished the majority for the sake of an irresponsible minority. We are taking powers in the Welfare Reform Bill, so that in future we can require people who have problems with alcoholism to take up treatment as a condition of their benefits. I am sure that my hon. Friend will support those proposals tomorrow.

T4. [263341] **Mr. Philip Hollobone** (Kettering) (Con): Blind people in Kettering and across the country would like to know when Her Majesty's Government will make them eligible for the higher rate mobility component of disability living allowance.

**Jonathan Shaw:** I am grateful to the hon. Gentleman for asking that question. We debated this during the Committee stage of the Welfare Reform Bill, and there will be an opportunity to do that tomorrow. Interestingly, although there was a contribution in the discussions from the Liberal Democrats and from my hon. Friend the Member for Glasgow, North-West (John Robertson), who tabled an amendment on this issue, there was a lack of any response whatsoever from the hon. Member for Forest of Dean (Mr. Harper) on whether he agreed or did not agree. I think that the hon. Member for Kettering (Mr. Hollobone) needs to have a conversation with his own Front Benchers.

T3. [263340] **Mr. David Anderson** (Blaydon) (Lab): Although I am not in any way downgrading the extent of the recent problems, one of the positive things happening in Gateshead is that Jobcentre Plus is working very closely with the local council, the local college and the regional development agency. Is that being replicated across the country, and do we have enough resources to make sure that jobcentres can work with these people to try to limit the damage?

**James Purnell:** Yes, that absolutely is happening around the country, and where we have funding that we can devote to, for example, training people before they are employed, we are keen to do that and to expand it. Indeed, the regional Ministers, of whom the Department for Work and Pensions is blessed with three, are playing a key role in making sure that exactly that integration is happening in regions around the country.

T6. [263343] **Mr. Adam Holloway** (Gravesham) (Con): Given the current economic situation, which obviously has nothing to do with the Government's stewardship of the economy, does the Secretary of State think that it will still be possible to get 1 million incapacity benefit claimants back to work? If not, what sort of figure does he think is doable, and in what sort of time frame?

**James Purnell:** That is our aspiration. It has always been a stretching goal, and the reason we wanted such a goal was to make it necessary to have a fundamental reform of the welfare state to get to that point. That is exactly why we want to have re-testing for everybody who was on incapacity benefit, why we have abolished IB and replaced it with employment and support allowance, and why we have the measures in the Welfare Reform Bill, which will be discussed tomorrow. Unfortunately, the hon. Gentleman's party is not proposing to support them. It wants to posture and to oppose measures that are supported by both David Freud and the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith). The Conservatives still have time to change

their policy before tomorrow and to show that they are serious about welfare reform. Somehow, I doubt that they will.

**Mr. Jim Devine** (Livingston) (Lab): As my right hon. Friend knows, the very first "Communist Manifesto" stated that we would give work to those who can and benefits to those who cannot. What it missed out was those rascals who will not work—those whom people in my constituency describe as those who have never worked or wanted to. Can my right hon. Friend reassure me and my constituents that the Welfare Reform Bill will tackle those individuals, and not those who genuinely need benefit?

**James Purnell:** Absolutely—anybody who is defrauding the benefit system is taking money from people who genuinely need it, which is exactly why we have halved fraud over the past 12 years and why we are taking measures to crack down further on people who defraud the system in the Welfare Reform Bill, which will be discussed tomorrow. As my hon. Friend knows, right from the first Labour MP's speech in this House—that of Keir Hardie—we have argued for the support to get people back in to work, but also for making sure that they should have the obligation to do so. That is what tomorrow's Welfare Reform Bill does, and it will make a genuine difference to reducing child poverty and to increasing employment all around the country.

T7. [263344] **Mr. Andrew Mackay** (Bracknell) (Con): As the pension uprating is always based on the September inflation figures, and given that, as the Secretary of State will be aware, most economists believe that there will be negative inflation by this September, what will happen to pensions?

**James Purnell:** Of course, we do not speculate on Budget questions. What I can tell the right hon. Gentleman, which is a fact, is that we brought forward the uprating to this January by having the £60 bonus. His party opposed that. It should apologise to pensioners around the country, because it wanted to deprive people who needed it of that £60.

**Joan Walley** (Stoke-on-Trent, North) (Lab): I know that my right hon. Friend is aware of the issues affecting the ceramics industry. What plans does he have to visit Stoke-on-Trent to talk to workers about what more can be done to help get them into work, and what more he can do at Cabinet level to try to get the investment in tableware and in bricks that could be part of the regeneration that we need for the country as a whole?

**James Purnell:** My hon. Friend may be glad to know that I plan to visit the area shortly to follow up on a conversation that I had with the general-secretary of the Unity union. It is pioneering an approach whereby it brings together its own money for investing in training with money from the regional development agency and from Jobcentre Plus, to make sure that we can give people help even before they are made redundant and to get them back into work as quickly as possible. I know that this is a vital industry in my hon. Friend's area and that she has campaigned long and hard for it. I will continue to work with her on doing that.

T8. [263345] **Bob Russell** (Colchester) (LD): With the evolution of the Child Support Agency, does the Minister agree that when maintenance calculations are drawn up, a parent in receipt of a company car should be treated on the same grounds—on the same level of benefit—as a parent who receives money in lieu of a company car?

**The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher):** The hon. Gentleman makes a valid point, and this issue, too, was discussed in the Welfare Reform Bill Committee. This depends on why the individual is receiving payment in the form of a company car, and each case will be different. If someone is doing so to reduce his child maintenance liability to his children, that should be taken into account, because every parent's first financial responsibility should be to their children.

**Kerry McCarthy** (Bristol, East) (Lab): This Wednesday marks the 10th anniversary of the Government's commitment to abolishing child poverty. Will the Minister reassure the House that despite the economic downturn, we will not depart from that ambition and we will do all we can to ensure that we meet our targets?

**Kitty Ussher:** When the Conservatives ran this country, child poverty doubled—we turned that around, and I am proud of the fact that 600,000 children have been lifted out of poverty since 1997, with a further 500,000 children due to be lifted out of poverty as a result of policies that are being implemented. We want to go further, which is why my hon. Friend is right to raise this issue and why we will be legislating this year to eradicate child poverty in this country.

T9. [263346] **Mr. Douglas Carswell** (Harwich) (Con): I am told that the other week all the jobcentres in my constituency had only a dozen or so jobs available, yet many hundreds of local people were looking for work. What do Ministers propose to do—rather than just say—to help those people back into work and to stem the rising tide of unemployment in Essex?

**James Purnell:** The hon. Gentleman is right to say that it is harder for people to find work, which is why from April we will be bringing in extra training for people, helping people to set up companies and introducing recruitment subsidies to persuade employers to take on people who are in danger of becoming long-term unemployed. That policy will be introduced in April as a result of the £2 billion that his Front-Bench team opposes. Real help requires real money, and without the money, which his Front Benchers oppose, that help would not be made available in April. He should be lobbying his Front Benchers and telling them to reverse their policy, because it is the wrong approach—it is the one that they had in the 1980s and 1990s and that failed so miserably.

**Rob Marris** (Wolverhampton, South-West) (Lab): Can the Minister tell the House why, thus far, the Government have not supported the proposals to make blind people eligible for the higher rate mobility component of disability living allowance, as exemplified in new clauses 10 and 4 to the Welfare Reform Bill, which we will debate tomorrow, that were tabled by my hon. Friend the Member for Glasgow, North-West (John Robertson)?

**Jonathan Shaw:** I am grateful to my hon. Friend for raising this matter, which we debated in the Welfare Reform Bill Committee and will debate again tomorrow. On his specific question, we need to establish a time when we can afford to make provision for this particular benefit—*[Interruption.]* I am always reassured when talking about finance to see my right hon. Friend the Chancellor appear. We will need to examine this carefully, because we need to be able to provide the funding not only for this year, but for many years to come. We are working closely with the Royal National Institute of Blind People and we are grateful for its input. As I say, this is about affordability—that is the primary reason for our approach—but we hope to be able to do it when resources become available.

T10. [263347] **Paul Rowen** (Rochdale) (LD): The Secretary of State will know that young people are particularly vulnerable during a recession. I know that the Department is helping apprentices who are at risk of redundancy in the construction industry, but what steps is he taking in other sectors, particularly in respect of the 115 apprentices who lost their jobs at Woolworths?

**James Purnell:** We want to make sure that apprentices can finish their apprenticeships whatever sector they are coming from, and we believe that the rules allow people to do that, because apprentices normally train for fewer than 16 hours a week. We are committed to ensuring that even if they are training for longer than that, they can continue to finish their apprenticeships, because they have made a real investment in their own skills and we want them to benefit.

**Mr. Stewart Jackson** (Peterborough) (Con): What discussions will the Secretary of State have with staff at Luton Jobcentre Plus about reviewing the benefit entitlements of the Islamist extremists who so disgracefully disrupted the Royal Anglian Regiment's homecoming in Luton last week, given that, self-evidently, they were not available for work?

**The Minister for Employment and Welfare Reform (Mr. Tony McNulty):** The benefit entitlements of any individual are determined by Jobcentre Plus, but I share the implied anger in the hon. Gentleman's question at the disgraceful protest by these individuals. We will take up the question of how such demonstrations will be policed in future with Bedfordshire police and the Association of Chief Police Officers.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): The direct payments to carers initiative has been very useful in many ways, but what is the position of people whose spouses are in the final stages of dementia and who do not want to be bothered with the forest of administration and paperwork that is associated with that initiative? The alternative is a high charge from the local authority to do it on their behalf. I wonder whether my right hon. Friend would discuss that serious dilemma with me, and especially a specific constituency case that cropped up this very weekend.

**James Purnell:** I am happy to do that. My hon. Friend knows that nobody is required to use the direct payments service. If people are happy with the service that they get from their local authority or health service, they can continue with it, but the right to control—which is in the Welfare Reform Bill for consideration tomorrow—is important because it gives people the ability to spend the money as they see fit if they are not getting the service that they want or if they think that they could improve on it. I trust that my hon. Friend will support us on that tomorrow, as he will support the whole Bill.

## G20 Finance Ministers' Meeting

3.31 pm

**The Chancellor of the Exchequer (Mr. Alistair Darling):** With permission, Mr. Speaker, I wish to make a statement about the meeting of G20 Finance Ministers and central bank governors held on Friday and Saturday, to prepare for the meeting of leaders and Finance Ministers in London next month.

Since November, when the G20 last met in Washington, we have seen a collapse in international trade—a much deeper and more widespread economic downturn—with every country in the world affected. In October, the International Monetary Fund was forecasting world growth this year of 3 per cent. Now it is predicting negative global growth for the first time in 60 years.

At the meetings, it was clear that every G20 country was determined to act together to restore growth and take steps to restore bank lending, as well as prepare for recovery. There was unanimous recognition, too, that we must take action to help emerging and developing economies deal with this global downturn. We agreed on the following.

First, to support our economies, we agreed that we must take whatever action is necessary, for as long as it is necessary, to boost demand and support jobs. Many countries have already taken substantial steps to support their economies. The IMF calculates that, in the United States, this year's fiscal stimulus is worth 3.5 per cent. of GDP; in Germany, 3.2 per cent.; in China and France 2.6 per cent.; and here too, our fiscal stimulus is 3.4 per cent. of the economy. We agreed that we should be ready to do more if necessary—not all countries in the same way or at the same time, but whatever is needed to deal with today's problems and prepare for recovery.

Secondly, to support people and businesses, it was recognised that it is essential to restore bank lending. It was agreed that countries need to consider the full range of options available, including liquidity support, recapitalisation, and dealing with assets for which there is no market or whose value has fallen significantly. On dealing with these assets—something that we, America and other countries are already doing—while there is no single solution or overnight fix, we developed a common framework, so that countries can use the full range of options when dealing with the immediate problems in their banking systems.

Thirdly, on monetary policy, we welcomed recent reductions in interest rates, and G20 central bank governors made a commitment to maintain lower rates for as long as is needed. That is important, as it sends a clear signal that central banks all over the world will keep interest rates low to support economic recovery. It was agreed that central banks can also use measures other than interest rates, and that is why the Bank of England, the US Federal Reserve and the Swiss Central Bank are currently putting money into the economy through their credit easing programmes.

It was also agreed that the financial supervisory and regulatory regimes need to be strengthened, both nationally and internationally. There is significant consensus emerging, here and across the world, that we need to reform the system of banking regulation. That is why I asked Lord Turner, when he became chairman of the Financial Services Authority in the autumn, to come forward with recommendations on how to strengthen our regulatory regime. He will publish his proposals this week. I expect his overview of the system to cover four broad themes: first, capital and liquidity rules; secondly, remuneration and the links to risk management; thirdly, how better to anticipate risks to the wider economy presented by problems in the financial sector; and, fourthly, rather than our abolishing our single regulator, how the FSA can be strengthened to regulate large complex institutions.

It was clear at the G20 meeting that financial regulation in most countries needs strengthening. In particular, all important financial institutions should be regulated, including those hedge funds that are systemically important. Wider regulation must be complemented by strengthening prudential oversight in looking not only at individual banks, but at how they contribute to wider risks to the economy. In future, banks throughout the world must have sufficient reserves at all times, and regulators need powers to ensure that banks do not over-extend themselves.

We must also improve international co-operation, building on the 25 supervisory colleges set up since last year to supervise banks that trade across the world. We also need a joint international early warning system that will enable us to deal with emerging problems sooner. That means working within the European Union and recognising the need for co-operation, which we have been demanding for some time, while recognising the essential role of national regulators.

We also agreed a range of other measures on international banking supervision. All credit rating agencies need to be regulated. There needs to be full transparency of off-balance sheet exposures. Accounting standards need to improve. Regulation will cover payment and bonus systems. We agreed that tax havens must be opened up, and we welcomed recent announcements by Switzerland, Hong Kong, Andorra and Singapore that they will share tax information according to OECD guidelines. Here at home, we expect banks to comply fully with their tax obligations, and I can tell the House that I have asked Her Majesty's Revenue and Customs to publish shortly a draft code of practice on taxation for the banking sector, so that banks comply with not just the letter but the spirit of the law.

The World Bank currently estimates that 129 developing countries, many of them in sub-Saharan Africa, are facing financial shortfalls, and up to 90 million more people could fall into poverty as a result of this global crisis. We agreed that we must minimise the impact of the crisis on developing and emerging economies, many of which—they include India, Indonesia, Turkey and South Africa, for example—were represented at the G20. We agreed that that would require a very substantial increase in resources for the IMF, and that the development banks have the capital that they need. Agreement on total levels of support will need to be reached next month.

We remain committed to fighting protectionism and maintaining open trade and investment. That is essential if we are to avoid a prolonged downturn. It is also imperative that the international institutions reflect the reality of the day; the IMF and the World Bank were set up 60 years ago. Once when we talked about the global economy, we meant the west and Japan, but not any more. For example, China is already the world's third-largest economy. Emerging and developing countries need to be at the top table too, so we agreed that the next review

*[Mr. Alistair Darling]*

of IMF representation should be concluded by January 2011, while World Bank reforms must be completed by next spring. We welcomed the recent decision to extend the Financial Stability Forum to cover all G20 member countries.

The G20 leaders and Finance Ministers will meet again in three weeks' time. We must seize the moment to make a real difference, supporting our economies, dealing with the banks' problems, and preparing for recovery. Ours must be a time for renewal to tackle the downturn and build a more sustainable future. I commend this statement to the House.

**Mr. George Osborne** (Tatton) (Con): I thank the Chancellor for his statement, and we look forward to the Prime Minister giving a similar statement on the day after his G20 meeting. The meetings are an important opportunity to work together to tackle the financial crisis, and to try to prevent it from happening again. Of course we must send the clearest possible signal that globalisation is not on the retreat, but surely the Chancellor must share some of the quite widely felt disappointment about the fact that the Finance Ministers' meeting this weekend did not produce more concrete proposals and ducked some of the most difficult issues.

Let us take international trade first. The communiqué says—the Chancellor repeated this—that all countries

"commit to fight all forms of protectionism and maintain open trade",

but I am sure that he remembers that in the last G20 meeting in November, something almost identical was said. Since then, of course, the US Congress has introduced the "Buy American" programme, the Indians have increased agricultural tariffs, and our own Prime Minister has gone around talking about British jobs for British workers. Has the rest of the G20 given up on the prospect of putting further pressure on America and India in particular to try to conclude the Doha trade round this spring, which would provide the greatest stimulus of all? If completing Doha is out of their reach, what about at least trying to freeze tariffs at their existing level, rather than allowing them to increase, as current trade rules allow.

On the reform and financing of international institutions, again I fear that the communiqué ducked some of the toughest issues. For example—again, the Chancellor repeated this—it says that IMF resources should be increased "very substantially". The communiqué issued after last November's G20 meeting said almost exactly the same thing. Perhaps the Chancellor could say something about how much the increase should be, and who exactly is going to pay for it. Would it not help if western powers such as Britain had the courage to give up some of the power that we have at the IMF so that countries such as China, Brazil, India and South Africa have a much greater say, instead of putting it off until 2011? Did he note that the Brazilian Finance Minister said this weekend that his country

"will only agree to increase capital to the IMF after reform is carried out because there is still an imbalance in our participation"?

Should that imbalance not be resolved?

We see the same fudge on future financial regulation. I am delighted that there is now growing agreement on the need for counter-cyclical capital requirements, which I am sure the Chancellor remembers we proposed more than a year ago. Promised future action on the credit rating agencies, off-balance sheet vehicles, stronger macro-prudential regulation, tax havens and bankers' bonuses is all welcome if it actually takes place. Indeed, the British Government can provide unique advice on off-balance sheet accounting. It is a shame that the Prime Minister, in the 10 years in which he turned up to G20 Finance Ministers' meetings and other such meetings never proposed any of those things. It is striking that the Chancellor still defends the system of regulation that his predecessor put in place in 1997, as it has so palpably failed.

One thing that I concede that the Prime Minister talked about during those years was an early warning system. Given that the early warnings issued in 2003, 2005, twice in 2006, and early in 2007 by the IMF about Britain's housing bubble and Government debt levels were completely ignored by the previous Chancellor, how does the current Chancellor plan to make sure that his early warning system is listened to in the Treasury?

Finally, I am pleased that the communiqué talks about the need to constrain leverage and the need for fiscal sustainability. I just wish that we could have some of that in Britain. The outspoken comments of various European Finance Ministers and the German Chancellor this weekend exposed the transparent attempt by the Prime Minister to secure some international cover from the G20 for his attempt to create domestic political dividing lines. It turns out that they do not all agree with the Prime Minister that countries such as Britain that are running huge budget deficits can afford yet another round of debt-funded spending splurges. Indeed, the Chancellor is busy briefing newspapers such as the *Financial Times* that he does not agree with the Prime Minister on this, either, which should make putting together next month's Budget quite a challenge.

It would help if we started with a consistent Treasury definition of the size of the existing fiscal stimulus that he put in place. Today, he said that it was 3.4 per cent. of our economy, but in his pre-Budget report speech to the House he said that it was around 1 per cent. of our economy. Will he clear up exactly what the definition of the fiscal stimulus is in the Treasury? Did not Chancellor Merkel sum up the choice facing the Government when she said this weekend:

"If we want to make a real impact, you really must implement the package first before you talk about the next step"?

That is spot on. Months after Government schemes have been announced in a blaze of publicity and cheered by that lot on the Labour Benches, almost none of them has been implemented. The working capital scheme has not provided credit to a single business; the homeowners mortgage support scheme has not helped a single home owner; the Department for Business, Enterprise and Regulatory Reform is blaming the Treasury and the Bank of England for the fact that the car manufacturers scheme is not up and running; and no one has ever heard again of the national internship scheme. We will return to those issues when we debate the wider economy later this week, and I urge the Chancellor to turn up to that debate so that he does not just do statements and debates on international issues, but answers for his policies on the domestic economy as well.

We want the G20 to take action, but that means confronting the difficult decisions on trade and finance, not ducking them. I sincerely hope a great deal more

progress is made in the next couple of weeks. If it is not, the Prime Minister's claim that he is fashioning a "grand bargain" will look a little over-ambitious, and he will have to return to the real world and confront his failures here at home.

**Mr. Darling:** I look forward to debating the economy with the hon. Gentleman when we debate these matters on a Government motion at the end of the month and no doubt on many occasions in between times.

The hon. Gentleman raises a number of points that it is important that we deal with. First, I welcome what he says about resisting protectionism. I agree that we would very much like to see the Doha round completed. We have raised the matter with both the Americans and the Indian Government. We believe that a deal is within our reach, but it is important that countries engage in that. That would send a powerful signal to the whole world that Governments are serious about resisting protectionist calls at present and breaking down barriers in the future. We have raised—I personally have raised it with my US counterpart—the need to make sure in everything we do that we do not end up, intentionally or unintentionally, with protectionist measures, which would be hugely damaging, as we have seen in the past.

The hon. Gentleman is right to raise the question of the IMF resources. He asked why we agreed that the conclusion should be reached by 2011, which is two years away, as he said. The reason is practical experience. Simply to reach the agreement arrived at last year took several years of negotiation. What I want to avoid—what we want to avoid—is any delay in giving the IMF extra resources to intervene early and decisively when necessary. If we hold that up while we have arguments about the constitution and representation, people will not forgive us. When we realise that the countries badly affected by the downturn include many emerging economies, the urgent need for the IMF to have additional resources becomes clear. The hon. Gentleman asks who will contribute. Those discussions are continuing.

On financial regulation, I agree that we all need to learn from what has happened. It is important not only that we have a financial regulatory system that deals with institutions that have not been regulated up to now, such as hedge funds and credit rating agencies, but that we ensure that the system takes account of what is happening internationally. It is important that individual national institutions react when they detect that things are going wrong. That is one of the reasons why, for example, I want our regulators and other regulators to have back-stop powers to stop banks that are overreaching themselves exposing to risk not only the bank itself, but the wider system.

It is necessary, as I pointed out in the pre-Budget report, that we support our economy now, but it is also necessary to ensure that what we do is sustainable and that in the medium term all countries live within their means. There was a recognition at the weekend that that is necessary.

I disagree with the hon. Gentleman in his conclusion, which seems to be very much the conclusion that he reached last November. Faced with a choice between doing everything we possibly can to support our economy now or standing back and letting recession take its toll, he still believes that the do nothing approach is right. I think he is wrong on that and out of touch, especially when we consider that in the United States, Germany, France, Japan, China and countries across the world, there is a commitment and an acknowledgement that those countries cannot stand by, as Governments did in the 1930s, do nothing and let recession take its toll. That is a price that we are not prepared to see paid.

**Dr. Vincent Cable** (Twickenham) (LD): I thank the Chancellor for sending me his statement.

I represent an party that is internationalist, so I naturally welcome efforts to save the world, but saving the world does start here. Many of the activities discussed at the summit could be much better dealt with at a UK level. First, may I ask the Chancellor about tax avoidance and tax havens? The Government have had 12 years to identify many of the problems in this area, especially as many tax havens are in British dependent territories. Why did they not move on that problem earlier?

I welcome the Chancellor's comment in his statement that he will produce a code of conduct on tax payments by British banks, but why can the Government not simply stop tax avoidance in banks that are being helped by the British taxpayer? Can he confirm that RBS has stopped its tax avoidance activities? Can he answer the question that I put to his Financial Secretary last week, which is whether Lloyds, now it has been rescued, has agreed to stop some publicly identified tax avoidance devices carried out on a large scale? Since the Chancellor is negotiating with Barclays on its tax avoidance activities, some of which I put into the public domain—indeed, I sent details to the Inland Revenue—can he make it clear that any assistance under that insurance scheme will be made absolutely conditional on Barclays stopping its tax avoidance activities?

There are clearly international regulatory issues, but the most important of them should surely be dealt with domestically. The Chancellor identified the most important issue in his statement: what he calls the regulation of large, complex organisations. Is not Britain in a unique position among the other countries at the G20 summit, in that three of the five largest banks in the world are British and are becoming the responsibility of the British taxpayer? They are so large because they combine British retail, high street operations with what have come to be called the large international casino operations, much of which are centred on investment banking.

There is a fairly wide cross-party consensus on this matter. It has been expressed in the Chancellor's party by the Chairman of the Select Committee on Treasury, and Lord Lawson made a good statement for the Conservatives this morning on the problem, advocating a reform that splits the banks into their respective component parts. Why is it then that the Prime Minister, two weeks ago, quite specifically ruled out reforms of this kind—the so-called Glass-Steagall reforms? Why cannot the Government have a more open mind? Are they over-dependent on the advice of investment bankers?

Will the Chancellor follow up his comments on monetary easing and the joint approach to credit expansion? Why is it that in Britain, the Government and the Bank of England are following a pattern of buying up gilts, which drives down the yields on gilts and causes serious problems for pension funds and pensioners trapped in compulsory annuities, while in the United States corporate bonds are being bought up? Why is there such a big divergence in how these two important countries are

*[Dr. Vincent Cable]*

pursuing the same policy? Is there some reason for it, or has it just happened by accident?

My final point relates to the wider global picture. I totally endorse the comments that the Chancellor and the shadow Chancellor made about the future of world trade and trade negotiations, but can I ask the Chancellor what was done at the summit about the collapse of trade credit, which is the counterpart of the collapse of credit insurance in our own economy? That, rather more than protectionist measures, explains the downward spiral in world trade.

**Mr. Darling:** The hon. Gentleman raises five separate questions, and I shall try to deal with them.

In each of the Budgets since 1997, we have introduced measures to cut tax avoidance. By its very nature, tax avoidance must be dealt with all the time. As we close one loophole, there are those who will seek to find others, which need to be closed down. It is important to have a code of conduct partly, as the hon. Gentleman says, because of the very complexity of banking and the way in which investment banks and others have sometimes sought to develop instruments in order to avoid paying taxes. That has, in itself, posed a systemic threat to the system, which is one of the reasons we need a code, so that people abide by the letter and the spirit of the law. That is very important. I cannot talk about individual institutions because the principle of taxpayer confidentiality is important, but I think that given that the public are supporting the bank system, they would expect banks to be prepared to abide by that code. Our intention is to produce a draft code, probably at the time of the Budget, and then to consult with a view to getting it introduced as soon as possible.

The hon. Gentleman asked about regulation, and he is absolutely right that there is now a consensus. Ironically, there was a consensus 10 years ago, when he himself was also talking about light-touch regulation. It is important now that people see that our regulatory system recognises the reality of the fact that we are the home regulator to some very large institutions, which could bring a lot of wealth into this country; they certainly provide a lot of employment. However, it is important that the regulatory system should be up to the mark and take account of developements today and in the future.

The hon. Gentleman asked about the Glass-Steagall split. The last time that he raised the issue, I said that it would have more strength if the problem had simply been confined to the investment banks. It was not: retail banks in this country and others got into trouble as well. There are arguments for what the hon. Gentleman said, and they need to be looked at, but I am not sure whether a 1930s-style solution is readily transmissible into what is needed in the early part of the 21st century.

In relation to quantitative easing and what the Bank of England is doing, I should say that the Bank is also buying corporate bonds, which we regard as important. The hon. Gentleman will know that in the letter that I sent to the Governor of the Bank of England earlier this month authorising him to undertake these activities for monetary purposes, I said that I wanted us to maintain the purchase of corporate bonds.

Finally, yes, the question of trade credit was raised at the weekend. It is an increasing problem, although I suspect that it will have to be dealt with country by country rather than our trying to find a simply international solution. The hon. Gentleman is absolutely right: trade credit is a problem not just for large companies but for small ones as well. That is why we are seeing what we can do in this country to try to get that insurance in place.

**Mr. Geoffrey Robinson** (Coventry, North-West) (Lab): I assure my right hon. Friend that on this side of the House we congratulate him on the leadership that he has shown in these matters. Furthermore, we commend his stamina and cool in the face of the diabolically difficult and complicated problems that confront the whole world economy at this point in time. That all stands in marked contradistinction to the do nothing approach of the Conservative party.

The Chancellor mentioned Lord Turner's report, which is awaited with great anticipation on both sides of the House. Will my right hon. Friend pay particular attention to part 2, which deals with bonuses and remuneration linked to risk management? Might there be a chance of our finding in the report a solution to the Sir Fred Goodwin pension issue?

**Mr. Darling:** In relation to RBS, I said that UK Financial Investments, which holds shares on behalf of the bank, is discussing with RBS how that problem might be dealt with. I also said that there was widespread agreement in the discussions at the weekend. In the past, a lot of Governments said that the payment of bonuses and incentives was a matter for the individual banks. There is now a recognition that in many cases that distorted the activities of the banks so that they got into more and more risky areas, and the staff involved were very heavily rewarded. That did not just bring down one or two banks, but had very severe and substantial effects on the wider economy. As the Financial Services Authority recognised last year, and as other countries increasingly recognise, as they did this weekend, we need to make sure that we take action so that such distortion of behaviour does not happen again.

**Sir Peter Tapsell** (Louth and Horncastle) (Con): Is the Chancellor working towards a pan-European banking regulatory regime, with statutory authority within the United Kingdom?

**Mr. Darling:** The hon. Gentleman will be aware that Jacques de Larosière has prepared a report for the Commission. It raises a number of issues that we need to discuss, because we recognise that most of our banks will trade across the European Union, just as many EU-based banks such as Banco Santander and Deutsche Bank trade in this country. Therefore increased co-operation and making sure that there are similar rules within the European Union is important.

However, as I said in my statement, we have to be clear about who is responsible for the regulation of individual institutions. I therefore think that national regulators will continue to have a very important role. My view is a pragmatic one—what works and is effective is important, and we should not get too hung up on the theology of these things. It is important that we continue to talk and see where we need to co-operate and concentrate within the home state.

**Kelvin Hopkins** (Luton, North) (Lab): It was reported in *The Independent on Sunday*, and possibly elsewhere, that there were quite serious differences of view with Chancellor Merkel about the fiscal stimulus. My right hon. Friend read out the figures for the proportions of GDP that different countries are committing, but if wide differences did open up, that would be very unfair, particularly on those countries that had a bigger fiscal stimulus and took more of the burden of reflation. Could he elaborate a bit on what differences there were?

**Mr. Darling:** The agreement that we reached was signed up to by all 20 Governments, including the German Government, who were well represented at the meeting at the weekend and signed up to the same communiqué as everybody else. It is perfectly fair to say that whatever Governments do, they should ensure that they do it quickly and that it is implemented. However, it is also important that we recognise that as the situation continues to develop—remember that we have seen over the past few months a series of figures which show that there is a continuing deterioration in Germany, and in other countries too—it is absolutely necessary that each and every one of us should not only sign up to ensuring that we implement what we have announced but do whatever is necessary to ensure that we support our economies, come through this and get into recovery far more quickly than would otherwise be the case.

**Mr. Iain Duncan Smith** (Chingford and Woodford Green) (Con): The Chancellor talked about everyone essentially agreeing on the same plate about all the proposals. However, is not the reality that many other countries—Germany, Canada, and others besides—believe that Britain is entering this in a worse state than any of them and do not wish to be driven by the British to give them cover for a panic set of measures? Does he not accept that that is why the Germans are critical and he has to make a very bland statement at the Dispatch Box?

**Mr. Darling:** I never cease to be amazed at how the right hon. Gentleman, who has spent most of his career here getting about as far away from Europe as he possibly can, seeks to pray in aid the Germans when he wants to make an opposite case. The answer to his question is no, he is not right at all.

**Mr. James Plaskitt** (Warwick and Leamington) (Lab): I welcome what my right hon. Friend has said about the emerging consensus on the reform of banking regulations. Does that consensus extend to abandoning the old Basel approach to banking regulations—in particular, the internal risk-based approach? On lessons being learned, is there a sense that aspects of the wholesale abolition of credit controls and the big bang in the City in the 1980s might have been unwise?

**Mr. Darling:** I think that there are lessons to be learned in respect of a whole lot of reforms that have been made over the past 20-odd years. In relation to the Basel process, I would say two things. First, the models that we have adopted in relation to how banks are regulated obviously need to be looked at again. Secondly, the Basel process, which, among other things, governs the amount of capital that banks need to hold, should certainly be looked at, because the rules tend to exacerbate an already difficult situation, and that needs to be dealt with urgently. It is unfortunate that the Basel process took 10 years to reach fruition, and the year in which it was implemented was probably the worst possible year in which that could have happened. Therefore, this needs to be looked at again, and urgently, and it is not altogether clear that the Basel process is capable of doing that at the present time.

**Sir Peter Viggers** (Gosport) (Con): If banks can be criticised for taking over other banks without undertaking due diligence, how much more culpable are the Government, who spent a vast amount of public money undertaking commitments that they do not fully understand? Will the Chancellor undertake that no further public money will be spent unless there is first a careful analysis of the assets and liabilities to be taken over?

**Mr. Darling:** If I had followed that advice last October, when I was confronted with the imminent collapse of the banking system, and said, "No, I'm not going to do anything for several months while I carry out some due diligence", we would have been left in absolute chaos. I agree with the hon. Gentleman that when we take on guarantees, as we have done in relation to RBS and the Lloyds group, which we announced a couple of weeks ago, there needs to be proper diligence. Perhaps he will understand that that is why there was a gap between my announcing the principles of the scheme on 19 January and its implementation. That delay was condemned by many of his hon. Friends. If he is saying, "Yes, you're right—it is necessary to carry out due diligence", then I agree with him on that point.

**Mr. Jim Devine** (Livingston) (Lab): Was there any discussion of capping interest rate charges, as they do in France and Germany? It is a waste of time for us to put money into people's pockets when there are store cards and bank cards and when National Provident is charging interest in excess of 183 per cent. and rising, even though the Bank rate is 0.5 per cent. That is a big issue, and I wonder whether there was any discussion of it.

**Mr. Darling:** Individual credit cards and store cards were not discussed, but of course the general problem of credit and the burdens faced by people in all the countries that were represented were discussed. We need to ensure that when people take on obligations they are treated fairly, that they can afford to meet those obligations and that the repayment rate is realistic and fully understood.

**John Mason** (Glasgow, East) (SNP): I noticed that the Chancellor said in his statement that we should ensure that banks do not over-extend themselves. Will he now accept that the big mistake that Lloyds TSB made was to over-extend itself when it took over HBOS?

**Mr. Darling:** As I have said before, that decision was taken by the shareholders of both Lloyds and HBOS—*[Interruption.]* Opposition Members can groan, but I was recently reminded of the fact that the shadow Chancellor made his position clear last October, which I had forgotten. He said:

"I spoke to both of the chief executives today of the two institutions and made it clear the Conservatives support what they're trying to put together".

*[Mr. Darling]*

Obviously, as on so many other things that the Tories have said, they changed their mind when it became inconvenient. In response to the hon. Member for Glasgow, East (John Mason), that decision was taken by the shareholders of both institutions.

**Rob Marris** (Wolverhampton, South-West) (Lab): The Conservative party is, of course, in government—in Canada, which is a member of the G7 as well as of the G20. In relation to the question asked by the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), can my right hon. Friend confirm that Jim Flaherty, in his federal budget in Canada on 21 January, announced plans for a fiscal stimulus amounting to 3.2 per cent. of GDP in the next two years? That comes from a Conservative Government, unlike the do nothing Conservatives here.

**Mr. Darling:** My hon. Friend is quite right that Jim Flaherty and Mark Carney, the governor of the central bank in Canada, were very clear that Governments have a duty to support their economies. But then I have always found that the knowledge of the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) of things beyond the shores of this country is somewhat hazy.

**Mr. Michael Fallon** (Sevenoaks) (Con): Will the Chancellor now answer the shadow Chancellor's point about all these new initiatives? Could he give us one example of a scheme announced since Christmas that is actually helping businesses in our constituencies—a scheme that has been announced and is actually working?

**Mr. Darling:** Yes, I am very happy to. For example, the scheme to allow businesses time to pay their tax is now helping about 85,000 companies. There are other examples: the VAT reduction is in place, the reduction in basic rate income tax will come in in April, and many schemes have been implemented and are helping people. When the hon. Gentleman asks about such proposals, he must reflect on the fact that he opposes each and every one of them. If the Conservatives had had their way, not one of them would have been in place, because they were not prepared to put a single penny piece towards ensuring help for people and businesses in this country.

**Ms Sally Keeble** (Northampton, North) (Lab): I very much welcome my right hon. Friend's statement, especially the recognition of the impact of the recession on developing countries, where 7 per cent. year-on-year growth is needed to make any inroads into poverty. What concrete commitments were given by the G20 partners to support developing countries and to follow the notable lead that this country has given in tackling world poverty?

**Mr. Darling:** My hon. Friend is right that that is important. That is why we got a commitment to increase the IMF's resources substantially. I do not think that that commitment would have been readily forthcoming a few weeks ago. It has taken some time not only to persuade countries that we need to increase those resources substantially, but to gain recognition that that means that people need to step up to the plate and produce the means of doing so. I am hopeful that we will be able to complete that process in the fairly near future. It is totally unacceptable simply to stand by and see maybe 90 million people go into poverty because of what is happening. That is another example of why countries need to do something, and why doing nothing is morally wrong in this case.

**Mr. John Redwood** (Wokingham) (Con): What, if any, should be the limit on the amount that the UK Government print and borrow to avoid a run on the pound, a debt crisis or a trip to the international moneylenders?

**Mr. Darling:** If the right hon. Gentleman is referring to quantitative easing, he knows that I set out limits in the publicly available exchange of letters between me and the Governor of the Bank of England the week before last.

**Kerry McCarthy** (Bristol, East) (Lab): I managed, with impeccable timing, to leave the Treasury Committee just when things started to get interesting. However, when I served on it, I asked regulators whether they could analyse and measure the risk in a system—not only systemic, but institutional risk. They assured me that they did that, but it is now obvious that they did not. How can we ensure, when people with PhDs in mathematics—the rocket scientists—devise new derivative instruments and other products, that some of the regulators can do the same and know what they are up to?

**Mr. Darling:** I am not sure whether we need more rocket scientists; sometimes we need to apply plain common sense. Adair Turner's recommendations will be published on Wednesday, and I hope that they will provide a firm basis on which we can build. As I have said previously, we will publish a White Paper, setting out the Government's intentions for legislation and other matters, at the time of the Budget.

**Alistair Burt** (North-East Bedfordshire) (Con): To revert to what my hon. Friend the Member for Tatton (Mr. Osborne) said about reform beginning at home, when the Chancellor lectured his colleagues on the evils of the off-balance-sheet mentality, did not the slightest blush colour his cheek as he remembered how the Government treated the private finance initiative? What sort of moral example does he think that that set financial institutions?

**Mr. Darling:** If I were the hon. Gentleman, I would not make too much of that. I think that he was in government when PFI was invented.

**Mr. Michael Jack** (Fylde) (Con): The Chancellor mentioned quantitative easing in his statement. What steps is he taking to ensure that banks that are beneficiaries of that scheme make additional liquidity available to Britain's businesses at, importantly, a price they can afford?

**Mr. Darling:** As the right hon. Gentleman knows, the lending agreements into which we have entered are either those in which we have put more capital or those to which we have made more money available through the insurance scheme. The Bank of England's scheme

for credit easing is part of its monetary policy and does not, therefore, have direct lending agreements tied to it. Of course, if that much more money is in the system, it should help with the amount of money that is available for lending.

**Mr. Richard Spring** (West Suffolk) (Con): In view of the universal criticism of the expensive VAT cut in this country, will the Chancellor say how many other members of the G20 have followed or plan to follow the Government's path in that direction?

**Mr. Darling:** As I have said many times—I said it again on Saturday—we have not sought to tell each country that they must do one specific thing. Each country must make its own decision. We have a range of measures, including VAT reduction, cutting the basic rate of income tax and introducing infrastructure projects such as home insulation, as well as measures to help business. Each country must do what is right, but it is important that they do something. The hon. Gentleman is entitled to make his criticism as a debating point, but he should remember that his party is against all the measures—it would do nothing.

**Mr. Andrew Pelling** (Croydon, Central) (Ind): Will the Chancellor add to his earlier comments about the regulation of credit rating agencies? Standard & Poor's and Moody's have a stranglehold on the rating business and freely gave triple A ratings to sub-prime debt structures. Has any consideration been given to promoting a European champion on credit rating agencies, or perhaps even to introducing a public sector provision on rating agencies?

**Mr. Darling:** I have to tell the hon. Gentleman that there was not a discussion about the creation of a European credit rating agency. However, his general point about the need to supervise properly those agencies that already exist is important, not only because their determination can be pretty important, but because we need to deal with conflicts of interest where agencies approve a scheme in which they have a direct financial interest. That is clearly unsatisfactory, given the importance and the nature of such agencies.

**Mr. Douglas Hogg** (Sleaford and North Hykeham) (Con): May I reinforce the point made from the Liberal Benches about the desirability of separating the functions of an investment bank from those of a retail bank, which is also a point that the noble Lord Lawson made this morning in the *Financial Times*? The Chancellor was, I thought, not very enthusiastic about that, but would he consider publishing a Green Paper setting out the arguments on both sides? Alternatively, perhaps he could appoint a royal commission to look into the matter, because it is a matter of major importance and the arguments need to be properly articulated.

**Mr. Darling:** I agree with the right hon. and learned Gentleman: there is an argument to be had. I made the point to the hon. Member for Twickenham (Dr. Cable) that it is not the case that deposit-taking institutions here have avoided trouble, and investment banks are the sole source of it. It is rather more complex than that. There are arguments about whether we need separate degrees of regulation within institutions that might be involved in both deposit-taking and investment activities. Indeed, I suspect that there are also arguments about what the capital adequacy ought to be in relation to both of those.

I certainly do not want to stifle argument. All I was saying to the hon. Member for Twickenham (Dr. Cable) was that I am not yet persuaded that what has been proposed is the right thing to do. The situation is rather more complex than it was when Glass and Steagall sat down to draw up their Act. However, it is important that we use this opportunity to have a debate. My only caveat is that we do not have an unlimited time to do that. Given the length of time that it takes to change the law here or anywhere else, people would want the confidence that we were dealing with the problems and that we had a clear way forward.

**Mr. David Heathcoat-Amory** (Wells) (Con): Does the Chancellor accept that the system whereby everybody urges ever bigger bail-outs from everybody else is regarded by the public with some bemusement as well as fear, because they know that they are going to have to pay everything back? Does he understand that in the real economy, firms—particularly small firms—are on the receiving end of a completely inappropriate degree of interference from the public sector, by way of regulations, rules, taxes and directives, which prevent the real economy from earning its way out of this recession? Did he discuss that with his colleagues at the G20 or does he have a do nothing policy on that aspect of the economy?

**Mr. Darling:** While we are in humility mode, the right hon. Gentleman will no doubt remember that throughout the passage of the Financial Services and Markets Act 2000, hardly a speech went by when he did not call for light-touch regulation. Like everybody else, I think that we can learn from experience. We are intervening to support the banking system not to help the banks, but because businesses and individuals would have lost substantial sums of money if we had not done so. People would have lost their savings and businesses could not have accessed money, which would have been disastrous for our economy. As for the smaller businesses sector, it is important that we think long and hard before imposing regulations and that, if we do impose them, we are clear that there is a clear economic or social benefit arising from them.

**Mr. Philip Dunne** (Ludlow) (Con): It seems that Lord Turner may have started his review of the regulatory structure with one hand tied behind his back by the present Chancellor and the other tied by his predecessor. Would that be because the Chancellor, as architect of the existing Financial Services Authority, does not want to recognise that any of the plans were perhaps at fault? The regulator has acknowledged that it fell down in its first review of a high-impact firm. Why, therefore, has the Chancellor told Lord Turner not to look afresh at regulation, but just to bolster up failed plans?

**Mr. Darling:** I do not think that I said anything of the sort to Lord Turner. Knowing Lord Turner, I do not think that he is the sort of person who is ever likely to do anything if he feels that his hands are tied. He had a free hand. He was asked to look at what he thought needed to be put right. When we see his recommendations, I am sure that the hon. Gentleman and others will find that.

**Mr. Philip Hollobone** (Kettering) (Con): Does the Chancellor of the Exchequer understand the remoteness of the G20 process to the average British taxpayer? Last week the Government-financed regeneration of Kettering town centre ground to a complete halt because the Royal Bank of Scotland, which is now 70 per cent. owned by the taxpayer, pulled the plug on a local construction firm, which put loads of people out of work and meant that construction came to end. Does grand summitry not stand in sad and sorry contrast to the inappropriate banking decisions taken every day by now almost nationalised banks?

**Mr. Darling:** As the hon. Gentleman will appreciate, I am not aware of the circumstances of the construction company to which he refers. If he writes to me about it, I will certainly look at it, but he will appreciate that whether or not the state owns a significant shareholding in it, a bank has to reach a judgment about whether something is a good risk on a commercial basis. I am in no position to pass comment on the particular case, as he knows. Banks have to make commercial decisions and evaluate the risks to which they might be exposed irrespective of whether they are in public or private hands.

**Mr. Peter Bone** (Wellingborough) (Con): The public will welcome the fact that the Chancellor went to the G20 meeting, but they will find it very strange that he is unable to attend the House of Commons this Wednesday, when we have the first full-scale debate on the economy—and only because Her Majesty's Opposition have called for it. Would the public be right in thinking that the Chancellor is running scared?

**Mr. Darling:** I may be wrong, but I believe that I have given more statements to this House as Chancellor than many of my predecessors. I am always happy to engage with the Opposition, not least because I am engaging with a blank sheet of paper.

## Points of Order

4.21 pm

**Mrs. Theresa May** (Maidenhead) (Con): On a point of order, Mr. Speaker. I seek your guidance on how I can ensure that Ministers respect statements that are made in this House. On 27 January in a Second Reading debate on the Welfare Reform Bill, I said that

"we Conservatives support this Bill".—[*Official Report*, 27 January 2009; Vol. 487, c. 203.]

Yesterday on the "the Politics Show", the Secretary of State for Work and Pensions, with reference to the Welfare Reform Bill, said:

"the Bill we want to put through on Tuesday will do that, and the Tories oppose it"—

a view that I believe he repeated in Work and Pensions questions this afternoon. How can I ensure that Ministers respect statements made in this House and do not make such inaccurate statements that are designed to mislead the general public?

**Mr. Speaker:** I must tell the right hon. Lady that I have no control over what Ministers say in this House, so it is not a matter for me. It seems to me, however, that she has put the matter on the record and put the record straight.

**Mr. Jim Devine** (Livingston) (Lab): On a point of order, Mr. Speaker. Last Thursday I attended a meeting in this place about Des Warren and Ricky Tomlinson, who were jailed in the early 1970s for their trade union activities. Some 60 people were at this demonstration, and many of them were wearing T-shirts displaying the slogan "The Shrewsbury Two", as those two people were commonly known. Sadly, the vast majority of those individuals were told to take their T-shirts off when they came into this place. Is that a practice that you are aware of, Mr. Speaker, or has something new happened recently?

**Mr. Speaker:** I am well aware of the story of the Shrewsbury pickets. It was something that I was involved in. *[Interruption.]* Perhaps I should put that another way: I listened to their case when I was a shop steward. The dress code of individuals visiting the House is varied, so I see no reason why these people's T-shirts should have been taken from them or why they were told to remove them. I will look further into the matter and see what I can find out.

**The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher)** *rose—*

**Mr. Speaker:** If this is going to be an extension of what I have already said—

**Kitty Ussher:** It is.

**Mr. Speaker:** We will leave it at that, then.

# Industry and Exports (Financial Support) Bill

*Second Reading*

4.23 pm

**The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson):** I beg to move, That the Bill be now read a Second time.

It is important that the UK emerges from the global downturn rapidly and strongly. The Government have responded and will do whatever it takes to ensure the stability of the financial system and to provide real help to people and businesses during these difficult economic times. However, we cannot secure recovery without willing the means, and this short Bill gives the Government the necessary flexibility to provide further support to industry.

The Bill makes two small but important amendments, to the Industrial Development Act 1982 and to the Export and Investment Guarantees Act 1991 that will help to strengthen the provision of support for businesses.

The first clause proposes to amend the cumulative limit on financial support that may be provided under section 8 of the Industrial Development Act 1982. That provides the legislative power for Government to provide selective financial support to businesses. However, just to avoid any doubt, I would like to make it clear that increasing the section 8 financial ceiling does not in itself authorise any actual expenditure.

The precise purposes for which assistance may be used are set out in the Act. They include promoting the development, modernisation or efficiency of an industry; the creation, expansion or sustaining of productive capacity in an industry; promoting the reconstruction, reorganisation or conversion of an industry; encouraging the growth of an industry; and encouraging the arrangements for ensuring the orderly contraction of an industry.

The Act does not include support that is provided under the auspices of the designated assisted areas, which is covered by section 7 of the same Act, or assistance for certain sectors, notably banking and insurance, which are covered by separate legislation. The scope of the power under section 8 is nevertheless wide, and has been used as the legislative basis for a wide range of programmes of support for businesses that have been introduced since 1982. They include enterprise fund products such as small firms loan guarantee schemes, regional venture capital funds and early growth funding; enterprise capital funding; the Phoenix fund; support for the post office network, such as the urban post office reinvention programme; and the new programmes of assistance that we have announced to give business additional support during the current economic downturn, including the enterprise finance guarantee scheme, capital for enterprise, and support for the automotive sector.

**Mr. David Drew** (Stroud) (Lab/Co-op): A couple of automotive firms in my constituency are experiencing significant problems. One of the questions arising from the training packages that we have put together is whether there is some form of wage subsidy to help those undergoing training who are already on short-time working. Would the Bill enable us to proceed with such a scheme if the necessary funds were available?

**Ian Pearson:** As I have said, a wide range of support for industry is available under this part of the Act. My hon. Friend will be aware that we are already supporting industry by means of new flexibilities in the Train to Gain programme operated through the Department for Innovation, Universities and Skills, and there are separate funding arrangements for training support governed by votes in Parliament.

**Mr. Geoffrey Robinson** (Coventry, North-West) (Lab): My hon. Friend will know that the problems of the midlands van company LDV are becoming particularly acute, and may not be covered by the £1.3 billion that he says will be available for green investment in the motor industry. Can he assure Labour Members—indeed, all Members with an interest in the area: I do not think his own constituency is so very far away—that LDV's case will, if necessary, be treated separately from the £1.3 billion green initiative?

**Ian Pearson:** As my hon. Friend will know, we recently announced the provision of £2.3 billion in loan guarantees and exceptional-need loans under the automotive assistance programme to support automotive companies and companies in their supply chain. That potentially includes support for a wide range of companies.

My hon. Friend mentioned the case of LDV in Birmingham. As he knows, the company has been making a loss for a number of years. We understand from discussions between LDV and officials last Wednesday and Thursday that the management buy-out is proceeding. At present the company is owned by a Russian firm called GAZ, which is responsible first and foremost for the workers at Washwood Heath, who have given the company loyal support for many years. It really must be the responsibility of GAZ to give the company enough support to ensure that it is viable in the future. We have given LDV support and encouragement to enable it to proceed with its application for financial assistance through the European Investment Bank.

This is clearly a critical time for the company. We made it very clear that without significant further material support from GAZ, its parent company or from another investor, we would find it difficult to justify providing any further assistance, on top of the £24 million we provided to LDV at the time of the takeover by GAZ.

**Mr. Robinson:** This is a critical time, and although losses have been made at LDV, I understand that it has a very convincing five-year recovery programme and a plan for a management buy-out that is quite far advanced. Can the Minister at least promise us that before the company is forced into receivership, or some other form of inactivity, he would agree to a meeting with a delegation of west midlands MPs to hear their case—and perhaps we could have such a meeting earlier rather than later?

**Ian Pearson:** As I have said, my officials have had a number of meetings with LDV on its financial situation, and I do not think it is as straightforward as my hon. Friend pretends, but I am always happy to meet Members who are representing their constituents' interests, and I will be happy to meet my hon. Friend and my west midlands colleagues.

**Miss Julie Kirkbride** (Bromsgrove) (Con): While this appears to be a very simple Bill to enable the Government to spend more money on our industrial sector, the

*[Miss Julie Kirkbride]*

details are a little unclear to say the least. Will the Minister therefore tell the House which bits of the financial help to be given specifically to the automotive sector will be coming out of the pot that this Bill provides for, and which bits will come out of the EIB, as encouragement has been given to apply to it for money, too? Where will the money for the £23 million green car initiative come from, for example? If the Government are so minded, could these provisions also be used to help car companies with their loan books by giving a spur to people to take out loans to buy new cars?

**Ian Pearson:** I can confirm that guarantees offered by the Government under the automotive assistance programme would have as their legislative authority the increase in spending proposed in this Bill. I hope that things will become clearer to the hon. Lady after I have explained the situation in a little more detail.

The 1982 Act set the cumulative ceiling for support that could be provided under section 8 at £1.9 billion, increasable by up to four affirmative orders not exceeding £200 million each. The overall ceiling in the original Act was therefore £2.7 billion. That was subsequently revised by the Industrial Development (Financial Assistance) Act 2003, which raised the initial limit to £3.7 billion, increasable by up to four affirmative orders not exceeding £600 million each, to an overall limit of £6.1 billion. We have already debated the second order under the 2003 Act, and will shortly be introducing the third and fourth orders. By doing so, we will ensure the necessary legal headroom is in place to ensure the ongoing delivery of existing programmes and the package of new initiatives that we have recently announced to provide real help for businesses in the current economic climate. I can therefore confirm that all existing and recently established schemes can be delivered under the limits established by the 2003 Act.

However, scope to introduce any future support for business will be severely restricted, as we estimate that current schemes covered under section 8 will take us close to the £6.1 billion ceiling. Given the unprecedented global economic conditions we are facing, it is important that we maintain sufficient flexibility to bring forward further support if that is required. The first clause of the Bill therefore seeks to amend the limits in the Act, raising the initial ceiling to £12 billion, increasable by four orders of up to £1 billion each to an overall limit of £16 billion.

We recognise that this is a significant increase, so I would like to make three points in relation to it. First, the nature of business support has changed over the past few years. There has been a shift away from programmes based on grant funding, with greater emphasis now placed on support in the form of loans or guarantees. We believe that that form of support provides good value for money for the taxpayer in the long term, given that the loans will be repaid over time and that only a proportion of the guarantees will ultimately need to be met. However, the full amount secured against public finances counts towards the section 8 limit. As a result, headroom is consumed at a higher rate than under grant-based interventions. As loans are paid back and guarantees lapse, pressure on headroom will reduce. None the less, in the current economic climate we need to maintain sufficient flexibility to respond to the challenges ahead and we believe that the £12 billion ceiling represents a sensible limit at this time.

Secondly, I can reassure the House that although we are raising the ceiling to £12 billion, that is broadly equivalent as a percentage of GDP to the figure in 1982. My final point in this regard concerns parliamentary oversight and scrutiny of support provided under section 8. Although we are proposing an increase to the ceiling, we are not proposing any changes to the threshold at which individual offers of assistance under section 8 are subject to the approval of the House. That threshold, fixed by section 8(8), remains at £10 million. The aim of the new subsection is to ensure that Parliament has the opportunity to consider larger cases of assistance to industry.

I can also confirm that any future orders to increase the limit would need to be agreed through an affirmative order, as is currently the case. We will also continue to publish the annual report setting out our expenditure under section 8 of the 1982 Act. Aside from the financial limits, all other aspects of section 8 and the wider Act remain the same. I can also confirm that the Bill has no regulatory impact on business and that a copy of the regulatory impact assessment was placed in the Library.

**Mr. Mark Prisk** (Hertford and Stortford) (Con): The experts in the automotive industry who have been referred to by several right hon. and hon. Members are anxious about the apparent contradiction on whether scrappage is involved in discussions leading up to the Budget. I do not want the final details, but given the importance of vans, can the Minister, as both a Business and Treasury Minister, tell the House whether the Government are considering a scrappage proposal and what progress has been made?

**Ian Pearson:** The hon. Gentleman has been a Member of this House long enough to know that Ministers do not comment on what will or will not be in the Budget or on discussions leading up to the Budget. He will be aware of the automotive assistance programme, which is a major programme of investment support to the industry. One of my major priorities as a Minister is to ensure that that scheme provides support as quickly as possible. The hon. Gentleman will be aware that we had a seminar with the banking industry and automotive companies last Wednesday that explained in more detail how the scheme operates. It is open for business now and we are encouraging businesses that qualify to make early applications, which we will endeavour to analyse speedily so that we can look to provide support. We recognise that it is important that we provide support to the industry at this time.

Clause 2 proposes a small amendment to the Export and Investment Guarantees Act 1991. The Act governs all of the work of the ECGD—the Export Credits Guarantee Department—which is Britain's official export credit agency. The vast majority of industrialised countries have export credit agencies. Broadly, their role is to support exports by providing insurance against non-payment, for example, if importers go insolvent and cannot pay their suppliers or if the importing country runs out of foreign exchange and cannot pay its international debts. The situation is the same for ECGD, and I believe that its role is of increasing importance in the current economic climate. It assists the export trade of British suppliers of goods and services.

ECGD's remit is to support exports of capital and semi-capital goods and services. That usually means big-ticket exports such as civil aircraft, oil and gas production equipment and services and telecommunications. Often, the buyers of such equipment require medium or long terms of credit. Typically, a civil aircraft is repaid over a 12-year period. Much of ECGD's business involves its giving guarantees to banks, which make loans available to foreign buyers to purchase UK goods and services. Some Members may recall that ECGD used to support other exports normally sold on short terms of credit. Those exports were raw materials, light manufactured components and consumer durables, which account for the majority of UK trade. That part of ECGD's business was privatised in 1991 and since then providing trade credit insurance has been the responsibility of the private sector.

ECGD is 90 years old this year. It was set up 1919, after the first world war, to help re-establish trade. It was the first export credit agency in the world, and in these challenging times the support that it can give to industry and exporters underscores its importance for the British economy today. It is an independent Government Department that reports to the Secretary of State for Business, Enterprise and Regulatory Reform, and its role and purpose is established in law. ECGD's power to support exports is contained in section 1 of the Export and Investment Guarantees Act, and it is that Act that this amendment Bill addresses.

ECGD's primary power to support exports in section 1 of that Act states:

"The Secretary of State may make arrangements under this section with a view to facilitating, directly or indirectly, supplies by persons carrying on business in the United Kingdom of goods and services to persons carrying on business outside the United Kingdom."

However, there is a problem with the word "facilitating". The point is that ECGD cannot be said to have facilitated exports if those exports have already been supplied. However, with changing business practices, ECGD has been increasingly asked to support exports that have, in whole or in part, already been supplied by the time it is able to take a decision on providing its support for the exports in question.

There are a number of reasons for that. First, changes in the way contracts in the high-value capital goods markets are managed often mean that requests for support are simply made later these days. Often, it is buyers or overseas project sponsors who approach ECGD for support, not the exporters. Buyers seek ECGD support after they have procured the exports, and some may already have been supplied.

Secondly, at the same time as these changes were happening across the world, ECGD's decision-making processes were changing to implement wider Government policy on corruption and on social and environmental impacts. These are mandated by ECGD's business principles. They involve rigorous due diligence, which can delay ECGD's ability to make a decision until supply has commenced. This amendment will allow ECGD to provide its support for supplies that have already been made.

Last year the Environmental Audit Committee issued a report on ECGD and sustainable development, which recommended that

"No offer of support should be made, whether actual or provisional, until ECGD's Business Principles Unit has completed its assessment"

of the project to which the exports are destined.

That referred to ECGD trying to overcome the timing difficulties that I have just explained. ECGD would, before the supply was completed, make an offer to issue a guarantee after completion, conditional on satisfaction of its environmental criteria. The EAC was concerned that these offers of support could weaken ECGD's environmental scrutiny. I do not agree that they did, but I am happy that the Bill will allow ECGD to give effect to that recommendation, as well as solving the problems for British exporters, without any dilution whatsoever of ECGD's business principles or the due diligence it undertakes.

Without this change, British exporters will continue to face the risk of being discriminated against by overseas project sponsors because ECGD cannot give the type of support those sponsors want. Other export credit agencies in competitor nations do not have the same difficulties. Few, if any, are bound by state legislation and none of ECGD's major counterparts has the same difficulty in supporting exports that have already taken place.

In the current economic circumstances, extra support for British exports is highly important. Over recent months, ECGD has, not surprisingly, received a vast increase in interest in its support and in applications for its assistance. Rather than giving extra support, if this amendment to ECGD's Act is not made, ECGD support will often have to be reduced. ECGD is complaining about the difficulties that ensue when it can give no certainty of its support. The CBI, the British Bankers Association and the British Exporters Association have lobbied intensively. They argue that without the change, the UK's competitiveness will be adversely affected. I agree with them, and that is why we are introducing this clause, which will help to maximise support for industry through ECGD at this difficult time.

We face a unique set of challenges. Together, the measures proposed in this Bill form an important part of the response needed to ensure that businesses have the help they need. I commend the Bill to the House.

4.44 pm

**Mr. Mark Prisk** (Hertford and Stortford) (Con): I thank the Minister for his opening remarks. I have some sympathy with him because, as a Minister in both DBERR and the Treasury, he has the unenviable task of defending not one, but two dysfunctional Departments.

The Bill substantially increases the limits of Government financial support for business and exports—first, as we have heard, to £12 billion and then, potentially, to £16 billion. These are substantial provisions, reflecting the severe economic climate. We agree that business urgently needs practical help, but our concern is that these good intentions will not become the practical aid that business seeks. I say that because, to date, this Government's record of financial support for industry has largely been one of talk, not action; it has been a story of half-baked ideas badly implemented, and it has resulted on numerous occasions in confusion and anger among the very people whom Ministers claim they are trying to help. Ever since the fall of Lehman Brothers in September and the collapse of world markets in the

*[Mr. Mark Prisk]*

autumn, the need for urgent action has been clear, to enable working capital to reach real businesses. That is why last November the Conservatives set out a plan for a national loan guarantee scheme of some £50 billion for viable businesses of all sizes and all sectors—clear, easy to access and simple to understand, it could underpin conventional bank lending.

I wish that the Government had done what they often do in these circumstances—stolen our policy and claimed it as their own. After all, we see that all too often, yet on this occasion the Prime Minister has been deaf to good advice. Despite promises made last November, it was not until January that the Government's schemes were finally announced and even then—in the opinion of business—it was clear that they were half-baked. Let us consider the capital for enterprise fund, which is worth £75 million and is intended to provide equity funding to small businesses. When it was first announced last November, the Department said that it would

"be ready to start investing by the end of January 2009".

January came and went and the snow fell in February and thawed, yet there was still no news and no investment, so last week, in the middle of March, as spring approached, I inquired exactly how much had been invested. I naturally assumed that the sum might have been £10 million or £15 million, but the people who run the scheme—Capital for Enterprise Ltd—told me that in fact not a single pound has been invested in any business.

What about the working capital scheme, which was announced on 14 January? We were told then by none other than Lord Mandelson that it would be the centrepiece—the linchpin—of the Government's policies. It was to provide up to £10 billion in Government guarantees to underwrite bank lending and to be available from 1 March. That date came and went, so on 4 March we asked the Leader of the House when the scheme would commence. We thought that if we were lucky, it would be this month, but, who knows, it might begin on 1 April—how appropriate that would be. She could not say, and although I realise that she and Lord Mandelson are not exactly bosom buddies, surely between them they must have some idea when this scheme might actually start.

One scheme is up and running: the enterprise finance guarantee scheme, which is worth £1.3 billion and is intended to underpin lending to small firms. On Friday, the Minister for Employment Relations and Postal Affairs, whom I am delighted to see in his place, gave us a remarkable two-hour oration, during which he confirmed that 26 applications had been approved. There was another hour to go before he finally sat down, but what he did not tell us was how many firms had actually got the money; perhaps the Minister here today could complete that speech in his reply.

Part of the problem is that when Ministers make their announcements, they often have not really worked through the details—indeed, in some cases, they have not even cleared the schemes with the European Commission, as they are meant to do—and meanwhile, our competitors are stealing a march on us. For example, by last Christmas, the Germans, French and Americans were all ready to act. In Germany, some €2 billion has been extended to industry; in France €6 billion; and in America, some $17 billion was on hand for its car industry. The question that British businesses put to me—and I hope that the Minister will reply when he responds to the debate—is "Why is it that, under this Government, British businesses are the last to get the help that we need?"

The answer may in part be the fondness that the Prime Minister—who, after all, was once Chancellor—has for tinkering and meddling, and creating myriad complex schemes that prove so confusing in practice. Thus we have the working capital scheme; the enterprise finance guarantee scheme; the capital for enterprise fund; the transition loan fund; the European Investment Bank's supported loans scheme for growing firms; the EIB-backed automotive industry loan scheme; and the £1 billion non-EIB-backed, automotive loan scheme. Each of these schemes has different eligibility criteria and different rules. These in turn need different forms and different sets of business data.

So the problem is that businesses are unclear about what is available, what they can apply for, and which scheme is best for them. They are not the only ones. Most of the banks tell me that they have yet to receive the detailed terms and conditions for many of these schemes, so that they can brief their high street branches—

**Ian Pearson** *indicated dissent.*

**Mr. Prisk:** Well, that is the evidence in at least 100 letters that my office alone has received. When our constituent businesses go to their bank, they are told that it does not have the information and that the staff have not been briefed or trained. We are left at best with confusion and, at worst, with no help at all.

Let us take for example a small touring company based in Suffolk. It applied for help under the enterprise finance guarantee scheme to consolidate its overdraft, to release funds to advertise during the critical winter months. Despite the fact that the business was advised by Business Link that it was eligible—indeed, it was in the statement issued by Ministers—its high street bank turned it down. The result of that conflicting advice is that five staff have lost their jobs and there is real pressure on the firm's finances. The managing director said

"what a joke this scheme is...business link have no idea what the banks want out of this scheme...all of these big shouts by the Government about placing money out there to help small business is all just propaganda...it's a disgrace".

That managing director is not the only one who is rightly upset. The FSB has just conducted a survey of its members. Six weeks on from the launch of the enterprise finance guarantee scheme, the majority of its members say that the banks are still not using it. It is no wonder that three quarters of the FSB members surveyed said they had no confidence in the Government's economic policies.

The gap between Ministers' good intentions and their actions has, sadly, been evident for some time. Thus, in the last 12 years they have overseen the creation of some 3,000 business support schemes, only recently realising that that creates waste and is confusing for many businesses. In his opening remarks, the Minister mentioned the regional venture capital funds. When they were established, we were told that they were vital to plug the gap in which the private sector would not invest. I agree that there is a gap in equity funding for smaller enterprises, but what is not clear is why that state-backed scheme, led by the regional development agencies, is the best way forward.

The latest figures show that some £250 million has been allocated to that scheme alone in the English regions. However, the value of the investments actually made was only £126 million, half of the available total. What happened to the other half? Did the demand that Ministers predict not exist, or were requests simply strangled by the scheme's red tape?

As the Minister said, the second clause of the Bill specifically seeks to expand the funding provisions for exporters and would make some important technical changes. Something certainly needs to change when it comes to the balance of trade, because under this Government our balance of trade was nearly £40 billion in the red even before the recession.

In more recent months, there was initial hope that the huge drop in the value of the pound—a drop of some 25 per cent.—would have helped to boost exports. However, the latest figures for January show that, while the volume of goods exported to EU countries rose, this was outweighed by a 16 per cent. plunge in exports to non-EU countries. The result that month was a net trade loss of £7.7 billion. It is clear that the UK needs significantly to strengthen the volume, and indeed the value, of its exports.

In November, the Chancellor announced an extra £1 billion in his pre-Budget report to help small and medium-sized UK exporters. It was to be delivered by the Export Credits Guarantee Department in conjunction with the banks. It was to have been a temporary facility providing smaller exporters with better access to short-term working capital. Of course, the intentions sound good, but it has been difficult to find out what progress has been made, although we looked quite carefully. Finally, yesterday I was left to check the latest information from the ECGD. Perhaps I should share with the House what its website says:

"The scheme is at an early stage, and there is no set timetable for its implementation."

Is it really the case that four months after a £1 billion scheme, meant to help people in this recession, was announced by the Chancellor of the Exchequer at the Dispatch Box, no timetable has been set for its implementation? I hope that the Minister who replies to the debate will answer that question directly. If there is a set timetable, why does the Department not know, and if there is not a set timetable, what on earth have Ministers been doing?

Let me turn to the main export credit scheme—the fixed-rate export finance scheme. I apologise for the endless litany of alphabet soup that the schemes seem to generate. That particular scheme is meant to be wound up in eight months' time, yet despite having planned the scheme's replacement since December 2007, Ministers are seemingly unable to explain to exporters how the new scheme will work. The Under-Secretary of State for Business, Enterprise and Regulatory Reform, the hon. Member for Dudley, South (Ian Pearson), rightly said that exports are crucial, so can he tell me why it is that, just eight months before the introduction of a new scheme, when companies inquire they are not able to learn the details of the scheme that will replace the current programme? After all, many contracts that are being negotiated now will run way past December. When will businesses have an answer?

A number of Members of this House have rightly raised the subject of the automotive industry, which has often been at the heart of the question about financial support. Car registrations have been falling for many months. In February, they fell again, by another 22 per cent. I had to double-check whether there was meant to be a decimal point in the middle of that, but the figure really is 22 per cent. for a single month. Meanwhile, in response, manufacturers have reduced production; indeed, many have suspended it. Thousands of people have either lost their job or face redundancy in the coming months. We should not forget the long supply chains in this sector that serve manufacturers here and abroad; the Minister rightly mentioned them. What they all need is clear and decisive action.

In January, Ministers set out their plans for the sector. Sadly—I draw no comfort from this—the industry said that the plans were incomplete, had not even been authorised by the European Commission, and often completely failed to address the question of car sales. Quite rightly, the industry has continued to press Ministers to get them to spell out exactly what their package means in real money.

As the Minister mentioned, last Wednesday he hosted a summit at which we were offered more details of the £2.3 billion automotive loan schemes. We welcome the news that Jaguar Land Rover is to get up to £27 million in support of a new, lighter vehicle. However, even that modicum of good news was overshadowed by a spat between Lord Mandelson and the Bank of England about who was, or was not, to blame for the long delays. How frustrating that must be for the junior Minister; he was able to push forward an initiative, but it was completely driven off the front pages by his own boss.

While some Ministers are passing the buck, the car sector is becoming ever more frustrated. On a recent visit to the midlands, I talked to representatives of the industry there, and I have to say that in their responses, they were overwhelmingly negative towards the Government. Why, they asked, did they not even get a statement of aid until January, when car sales had been plummeting for at least four months before that? Why, in January, were the schemes not worked through, as they were in France and Germany? Why did it then take another month for basic EU approval to be sought and secured? Their concerns did not end there. In January, instead of being promised a package to aid the credit arms of car firms, we were promised that a junior Minister had been—I will get the phrase right—

"tasked to draw up a plan".

It seems that the same Minister doubts the need for such a plan. Lord Davies was reported in the *Financial Times* last week as saying that credit insurance problems would solve themselves as corporate lending picked up. That is not the view of the CBI or the FSB. Indeed, the federation said that Lord Davies was "unrealistically bullish". The British Chambers of Commerce went further, and highlighted industry-wide difficulties with credit insurance. It said of the Minister for Trade and Investment:

"It's very complacent to say that everything will sort itself out".

That is not the message that should come from the Dispatch Box. Perhaps in his reply to the debate, the Minister can put things straight. Will he specifically tell us, either now or in his reply, whether the Government will introduce a plan to tackle credit problems, or is the Government's plan on this issue simply to do nothing?

**Mr. Geoffrey Robinson:** May I just return for a second to what the hon. Gentleman was saying about the German guarantees that have been put up of about €2 billion? He may be more up to date than I am, but the last time I heard about that, at least half that amount, although allocated by the German Government in their interest, and probably quite rightly, still had not been cleared by the European Commission?

**Mr. Prisk:** My understanding is that most of that sum has been cleared and delivered, certainly according to the reports that I have read. That represents a sharp difference in that our Government have only just obtained permission from the European Commission to propose guarantees.

**Mr. Robinson:** That is the whole point. The Germans have made the allocation, have said that they are going to do it, and have guaranteed it. Months ago, they did that for Opel, and announced €1 billion before the end of last year. It certainly had not been agreed at that point, but they went ahead, and they have done so again. I still do not think that the position is clear. We have rightly announced it, and we will be ahead of them in getting clearance this month.

**Mr. Prisk:** Clearance is one thing, but delivering it to businesses' bank accounts is the critical point. That is the difference between the Government and the French and German Governments.

The Bill seeks to provide the Government with the ability to extend financial support for industry to up to £16 billion. In such difficult economic times, we recognise the need for such additional powers and while, quite rightly, we shall scrutinise each policy, we will not oppose the measure today. Our concern, as I have tried to explain, is about how Ministers implement their powers, as their record is one of press releases, not practical action. It is a tale of dither and delay, of bold promises and timid deeds. I have no doubt that Ministers mean well and wish to help, but my fear is that the gap between their rhetoric and reality is one through which hundreds of firms, and thousands of jobs, could yet be lost.

5.2 pm

**Lorely Burt** (Solihull) (LD): The Bill is the most recent in a long line of attempts by Government to give industry a shot in the arm. Unfortunately, the well-meaning but incompetent doctor has yet again missed the vein, plunging the hypodermic containing life-giving fluid into a part of the economy where it will do no harm, but from which it will fail to flow through to the main body of the ailing economy, where it is most needed.

We have a problem, because while the Government are applying a poultice to the sick body of the economy, the banks have applied a tourniquet, preventing the flow of cash through the economy that would nourish and enrich it, and enable it to stagger back to its feet again. The Liberal Democrats will not oppose the Bill today, because we recognise that it includes measures that will help, but we regard it as a wasted opportunity. It is not as if not enough people are trying to tell the Government what they could and should be doing. Over the past few weeks, I have been doing a bit of research in my constituency. I have been talking to businesses big and small, and trying to find out how they are faring and what the Government could do to improve the environment to enable them to survive.

The first thing that the Government should introduce in the Bill is some form of support or regulation of trade credit insurance. Withdrawal of trade credit insurance is what eventually did for Woolworths. Trade credit insurance insures a company when it has extended credit to another against the risk of not getting paid. If a company has its trade credit insurance withdrawn, other companies become nervous about trading with it because the message given out is that that company is risky to trade with.

A profitable retail company in my constituency has had its trade credit insurance severely reduced just at the time it wants and needs to expand. Its suppliers right down the supply chain are having their trade credit insurance cover reduced or even withdrawn, sounding a death knell for many. When a successful company that has no record of financial problems is growing, why would anyone want to reduce its trade credit insurance? The insurer told that company, "Oh, it's not you personally; you're just operating in the wrong sector."

Trade credit insurers have been described as organisations that are willing to lend an umbrella only when the sun is shining. I would not go quite that far, but it is clear to me that something needs to be done, and fast, to stop perfectly good companies going to the wall for no reason.

**Mr. Drew:** Will the hon. Lady confirm that the problem with trade credit insurance is that it is a private monopoly? There are so few companies operating in the field that once a firm has lost trade credit insurance with one insurer, it is virtually impossible to get it from some other company. That is at the root of all the problems.

**Lorely Burt:** Indeed. I am grateful to the hon. Gentleman for that intervention. He is right. Once a company has lost trade credit insurance, the possibility of gaining it from another organisation is very low indeed. For months, hon. Members in all parts of the House have been asking for Government action on trade credit insurers. When will the Government take action to ensure that such insurers stop turning the tourniquet even tighter on business?

Regulation is another issue of great concern to business. As with taxes, everybody moans about it, but most of us recognise it as a necessity—most, that is, except the Conservatives, who have called for less regulation, including of the banking and investment sector. Nevertheless, the imposition of new regulations at a time of economic crisis can be very unhelpful.

**John Penrose** (Weston-super-Mare) (Con): I am sure that the hon. Lady would want to be accurate. To be clear, the Conservative party has just published a report on banking regulation and believes that a great deal of reform is needed, including much tougher regulation, to prevent systemic risk in banking. Elsewhere in the economy, which is being held back by an awful lot of heavy-handed red tape, we agree with light-touch regulation, as indeed do the Government.

**Lorely Burt:** I am delighted to hear that the Conservatives have changed their attitude towards banking regulation. In the past they have done a great deal to try to

introduce lighter-touch regulation of banking. I accept what the hon. Gentleman says about other forms of regulation. In that we share a common approach.

Many companies are focused completely on the day-to-day cash flow management of their businesses. Instead of reviewing their cash flow every quarter or every month, they are now doing so every week or even every day. They do not want to have their eye taken off the ball by having to contend with new regulations. If they do not give all their emotional energy and attention to managing today, there may not be a tomorrow in which such regulations can take effect.

A particular concern to potential investors in this country is the propensity of the Government to make decisions and regulations retrospectively. We saw an example of that on 28 January in the Westminster Hall debate on retrospective business rates, concerning the retrospective levying of business rates on struggling port-based firms. Clearly, more regulation is needed in some sectors, such as banking and trade credit insurance, but in other areas the Government could take their foot off the pedal and delay the introduction of some non-vital regulations. My second question for the Minister is this: will the Government impose a moratorium on the implementation of non-essential regulations until the economic situation improves, and will they give some heart to potential investors in this country by publishing a statement of intent showing that they do not intend to impose any further retrospective legislation?

The Bill will amend section 8(5) of the Industrial Development Act 1982 and section 1(1) of the Export and Investment Guarantees Act 1991. Section 8 of the 1982 Act seems to be the Heineken of industrial financial help, reaching parts that other industrial financial assistance cannot reach. Such assistance has to benefit the UK economy, or any other part or area of the United Kingdom, which is a pretty wide definition. It has to be "in the national interest"—well, obviously—and it has to help when assistance cannot be appropriately provided in any other way.

The Bill raises the ceiling under which financial assistance can be given from the current maximum of £6.1 billion to a potential total of £16 billion. That is a lot of money, and I look forward to hearing from the Minister why that amount of taxpayers' money was deemed appropriate. Another £10 billion has been added; it is a nice round figure, but what justification is there for it? The figure of £16 billion represents £26,000 for every man, woman and child in this country. *The Independent* today has done its sums and calculated that, due to the recession, the personal cost of the downturn for every single British citizen is now £40,000, which is a lot of dosh. We must be sure that money is spent wisely where it really will make a difference.

The amendment of the Export and Investment Guarantees Act 1991 will widen the definition under which assistance can be given to exporters under the export credit guarantee scheme. The CBI welcomed that measure because it will support transactions where goods have already been exported, such as where early shipment was required before an export guarantee department decision on cover was made. The CBI says that

"enactment on this amendment will assist exporters in a clear and practical way and should assist in retaining jobs in the UK."

If it is good enough for the CBI and for the British Bankers Association and other groups, as the hon. Member for Hertford and Stortford (Mr. Prisk) mentioned, it is good enough for me.

How effective has the plethora of Government announcements been so far? The Forum for Private Business says that the Government should not just assume that under the enterprise finance guarantee scheme, the problems of smaller business have been sorted, and that they must consider the looming problems of the cost of finance, business rates and late payment. Can the Minister say just how many companies have benefited from the enterprise finance guarantee scheme, the working capital scheme and the capital enterprise fund? We heard from the hon. Member for Hertford and Stortford that no money has yet come through for the latter two schemes. Will the Minister be able to demonstrate that any of these funds are making a material difference, or with regard to the vast majority of companies are the Government just tantalising and teasing business with promises while little or no real money is flowing through?

The Government have ignored simple, effective and relatively inexpensive Opposition proposals, such as the Small Business Rate Relief (Automatic Payment) Bill, a private Member's Bill introduced by the hon. Member for Mid-Worcestershire (Peter Luff) only two weeks ago. I will not rehearse the arguments about that, but the Government have ignored that open-goal opportunity to help the smallest businesses that are least well informed about the help that they are already entitled to.

Some lenders, such as lease financiers, are simply not covered by the enterprise finance guarantee scheme, although 750,000 small businesses rely on lease financing. There is no safety net for those smallest of lenders, which nevertheless play a vital role in helping the smallest businesses as well as larger ones. Will the Government consider providing assistance for lease financing, along the lines of the enterprise finance guarantee scheme?

The opportunity to deal with the nefarious activities of serial liquidators has also been missed. Such parties trade, run up debt and then liquidate a company, leaving suppliers in the lurch, only to set up again the next day under a similar name. Those people cynically drag down good companies, and their activities are downright theft. If any director were required to register in a simple register of administrations, that would enable a quick search to determine how many times an individual had bumped their company. That would protect good companies against directors bent on a course of exploitation of the trust and good will of others. Will the Minister consider the possibility of creating such a register?

In conclusion, I should say that the Bill is a missed opportunity. Industry needs an environment in which it can not only compete, but continue to operate. It needs cash, but despite all the announcements that have been made thick and fast in the past few months in committing billions of pounds of taxpayers' money to prop up a banking system so sick that it is haemorrhaging the blood transfusions that we are administering, vital support is still not making its way to the real wealth creator—industry itself. Taxpayers' money is flowing all right; it is flowing into the coffers of the banks and into an interminable black hole.

My hon. Friend the Member for Twickenham (Dr. Cable), the Liberal Democrat shadow Chancellor, has been like a seer; he was sending out warnings to the

*[Lorely Burt]*

Government years before the crisis that we now face finally arrived. He predicted that the grand edifice of the banking economy would turn out to have been built on sand, and that we would need to nationalise Northern Rock. He has watched the Government pandering to the banks like an over-indulgent auntie to spoilt and uncontrollable nephews and nieces, asking them please to share out nicely the pile of sweeties that they have been given and becoming mystified when they are not good children who do as they are told.

We now have a majority shareholding in Lloyds HBOS and the Royal Bank of Scotland. My hon. Friend the Member for Twickenham is saying to the Government that it is time to take firm action and make the children share out the sweeties. It is time to nationalise the failing banks and ensure that cash goes not into the greedy mouths of the banking industry, but right to where it is needed—the hard-working companies that are struggling to survive.

5.18 pm

**Miss Julie Kirkbride** (Bromsgrove) (Con): I am grateful for having been called to speak on the Bill, which is important; it adds a significant amount to public expenditure. It is disappointing that there are so few Members on the Government Benches to speak in support of what the Government are doing.

I tried to listen intently to the Minister's explanation of what the Bill was all about. I recognise that the Minister, who serves in both the Treasury and the Department for Business, Enterprise and Regulatory Reform, must be very overworked at the moment. However, I feel that what the Bill is actually doing—in contrast to the warm and good intentions about which we often hear from the Government Dispatch Box—is very limited.

Exactly what will this extra tranche of money be used for, where can it be spent and who will be the beneficiaries? Given the Government's progress on the schemes that they have already announced to a bewildered public, will the money go into the real economy? There is something of a question mark about those issues. Although the help contained in the Bill is desirable, we clearly need to do more to support our manufacturing and industrial sectors. Conservative Members wish the Bill well, but we wish we knew more about exactly what it was going to do. I hope that the Minister who sums up after the contributions of other Members will be able to give the House more of the detail that we would like to hear.

It is horribly true that we face an extremely difficult situation. My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) observed that our trade deficit last year was some £40 billion—an eye-watering figure that is very serious bearing in mind that we started 2008 thinking that we were still in the good old boom years. It is an even more frightening figure when we consider that we are in very depressed economic times. It makes the Government's failure to do something about the gross imbalance that has been developing in our balance of trade figures over the 12 years during which they have been in power all the more remiss and worrying. After all, it is the future that counts, and we have to do something to put these matters right. We all know that it will not be too long before unemployment officially reaches the 2 million level, and there are dire predictions in almost any paper that we care to read that that figure may go up to 3 million within the next year.

At the moment, our inflation is clearly under control, except for the fact that it is going in the wrong direction and we might be facing deflation, which is as worrying as high inflation. One can only hope that we avoid the situation described in *The Daily Telegraph* this morning, whereby we have a deflationary economy in recession in which the position of people who owe money is made even worse by their debts becoming ever more real in purchasing power terms and they get into a very difficult state, as opposed to the position in an inflationary situation, where their debts tend to be wiped out by inflationary price rises. That would be a very difficult situation. None of us, except for the very elderly in our society, can remember the last time that it happened, in the 1930s.

In the last quarter that was measured, there was a 1.5 per cent. drop in the UK's economic growth and a 3.3 per cent. drop in manufacturing. The service sector was holding up at that point and helped to make the figure look a little better than it might have been. I suspect that none of us thinks that we will see any better growth figures in the quarter for which growth figures will be announced shortly, which will put us officially into recession. If that were to continue for the whole year, it would put us officially into a depression.

We face an extremely serious state of affairs, and the Government need to do what they can to help the business, industrial and manufacturing sectors of the British economy. That is why the Bill is important and why Conservative Members will support it. We have heard about the high-profile cases of bankruptcies such as Woolworths, whose demise has left a big scar on Bromsgrove high street. Wedgwood is also in my area, albeit not in my constituency. We have heard about the big companies that have sadly gone to the wall in this economic environment. Every day the same thing happens to lots of small and medium-sized enterprises, yet none of those is ever heard of.

A steady stream of business men have come to my surgery truly at their wits' end because of the state of economic activity. They have well run family businesses that have existed for the past 10 or 20 years, and in the good times they were not dazzled by the amount of money that the banks were trying to lend them. Banks were throwing money at them, saying, "You'd really like new office premises or industrial premises. You'd really like a new car, because you've worked very hard as the managing director. Come on, borrow some money from us. We'll give it to you at these really good rates." They were not tempted by the devil in such ways. They have run a tight balance sheet and done all the right things. However, the general economic environment means that nowadays, they are scraping money together to keep their companies going.

I came across a company the other day that sells its products to a very well known DIY store. It is now in the terrible position of not knowing how much to produce, because that store is operating on a sale or return basis. The company has to decide whether to produce a lot of lovely things that would normally fly off the shelves in the good times but stick on the shelves in the bad times. It has employed the people who

produce those goods and paid their wages, and it has paid for the raw materials that the goods are made of. It has paid its tax, national insurance, heating and lighting bills and the costs of its building, but its goods will be returned because they have not been sold. The banks are getting edgy about the overdraft limits, because they cannot be sure that the DIY store will pay the bill for the goods that have been sent to it. The situation has therefore become extremely difficult and worrying for all concerned.

Sadly, many people in such a situation have been in tears. They run family businesses, and the people who work for them have done so for a very long time and been completely loyal. The workers are prepared to accept a reduction in their salary or employment conditions to help the company survive and to help the boss make things work. Yet the boss does not know what he can offer, because the situation is so desperate that he has no certainty about the future. Measures are therefore needed to bolster the economic environment and people's confidence. We all know that confidence is part of what is needed, but when bad news keeps coming it is hard for anybody to pick themselves up, dust themselves off and hope that things will be any better.

I understand from reading the little information that we have been given about what the Bill will do that it will not support the banks—that is something separate—except, I assume, when they offer insurance guarantees using credit that is available to them through the Government scheme. It will not help the banks' balance sheets by helping with their capital requirements, which are an entirely separate matter and involve a good deal more than the £12 billion that is at stake in the Bill. However, I think that I am right in saying that when they provide credit insurance for firms' activities, the Bill will offer them financial support. No one is looking at me at the moment, so I assume that I must be right, because there are people in the Chamber who know a great deal more about the Bill than I do. It is therefore partly about the banks, inasmuch as that provision will form part of the financial assistance package.

I make an appeal to the Minister to understand what is happening in the banking sector with regard to support for small firms.

**Michael Fabricant** (Lichfield) (Con): I am following my hon. Friend's argument with considerable interest. Is she aware that a constituent of mine has been told that even when the Bill becomes law, as I am sure it will, the banks will still be asking for 100 per cent. guarantees from their clients? There will effectively be a double guarantee, one from the Government and one from the company. Sometimes, particularly given the economy's current condition, companies are unable to give such a guarantee, in which case the Bill will be worthless. The Minister is looking even more blank that he usually does, if I may say so, but I hope that he will be able to correct me and say that some imposition will be made on banks, particularly state-owned banks, to prevent them from asking for such a guarantee.

**Miss Kirkbride:** My hon. Friend makes a good point, which I hope that the Minister has heard. When his colleague responds to the debate—

**Michael Fabricant:** No, the same Minister will respond.

**Miss Kirkbride:** When the Minister responds to the debate, it would be helpful to know whether matters are as my hon. Friend described.

**Ian Pearson:** I was looking blank because the hon. Member for Lichfield (Michael Fabricant) clearly has a limited understanding of business if he does not realise that banks often require guarantees as a result of lending decisions. He should understand how business operates instead of making cheap political points.

**Miss Kirkbride** *rose—*

**Michael Fabricant:** Will my hon. Friend give way?

**Miss Kirkbride:** I will happily give way so that my hon. Friend can defend himself. Otherwise, I will have to do it for him.

**Michael Fabricant:** My hon. Friend knows that I was in business long before I became a Member of Parliament and I am therefore well aware that banks require guarantees for lending. However, they do not require double guarantees—double indemnity. I am disappointed that the Minister did not correct me—I hoped that he would—and say that there would be an imposition on the banks, so that they would not ask for a guarantee from companies as well as from the Government. They should have some guarantee, but not 100 per cent.—

**Madam Deputy Speaker (Sylvia Heal):** Order. The hon. Gentleman knows that interventions should be brief.

**Miss Kirkbride:** Thank you, Madam Deputy Speaker. I am glad that my hon. Friend was allowed to make his point, which I think I would have made. The double guarantee is clearly unacceptable because taxpayers' money is being provided for a purpose—to share the risk so that we might help the flow of business credit in a difficult environment for businesses.

Several cases about banks' activities have come through my postbag. I take each one up with the relevant banks in the hope that they realise that politicians in the House get to learn how badly they are behaving, and that they might bear that in mind before shaking the tin for more money for their greed and extravagance, which got them into the current position. In one case, a gentleman who runs a small business had an overdraft of £10,000 and was forced to take out a loan to pay it off when he had no difficulties with his credit record. He had an order book that would have sufficed to make the payments. I am told that the bank has a policy of acting in such a way and I am pursuing the matter.

We have got ourselves into an intolerable position whereby the banks, having accepted considerable sums of public money, do not do the decent thing and share the burden of the risk with the taxpayer and with companies in difficult times. If they did that, it would ideally get us over the hump of our current difficulties and into a more normal world, in which companies can make money without taxpayers' help and the taxpayer can be repaid the huge sums of money that have been disbursed to keep the system alive and to prevent even more catastrophic circumstances. Matters need to be righted swiftly so that taxpayers are not as exposed as they are in the current environment.

*[Miss Kirkbride]*

The banks still have a long way to go. I hope that the Minister will take issue with them, as part of the exercise under the Bill, inasmuch as it affects the banking industry, over some of their schemes and their treatment of businesses.

The automotive sector has been mentioned. The car sector needs clarity of vision and leadership from the Government about exactly what they want. We understand that there were difficulties with the European Union about getting permission for various guarantees. However, before the crisis arose, there was over-supply in the car sector, and many people said that too many people produced cars. I am worried that, in such difficult times, those who get in first to protect their car industry will be those who survive with a car industry. We do not want to find that other countries have been able to protect their viable car industries in such a way that companies that have not received help and will find trading difficult because of the general economic environment, are left more vulnerable in the wider shake-out through over-supply in the international market for car production.

We know that the American car companies—the GMs and the Fords—have been trying to divest themselves of their European operations. There are lots of car companies in need of a friend at the moment. I worry that those Governments who are bigger friends to their car industries will find that they actually have a car industry left when this is all over and that those who are not as proactive in ensuring the best deal for their car operations might find that they do not have one. I ask the Government vigorously to pursue their policy on the automotive sector—whatever it is going to be—because the sector is in such a vulnerable position. We do quite well in cars and we would like to keep it that way. I therefore look forward to hearing more about what the Government plan for the sector.

The way my hon. Friend the Member for Hertford and Stortford described the various schemes that are now available to businesses to help them take advantage of Government support through the present economic environment could have been part of a comedy sketch. For a company that has so many other problems on its hands, the idea of wading its way through Government bureaucracy and all the different Government schemes to find which one might help it is not realistic in the times in which we live. I sit on the Select Committee on Business and Enterprise, but unless I write them all down, I cannot remember all the schemes that my hon. Friend mentioned that the Government have come out with in the past few months to help businesses. If we in this House cannot do that, how can we expect people in the real world to know any better?

For example, a constituent came to my surgery a month ago who was really keen on the capital for enterprise fund, which used to be the equity swap fund, as it could help his business. He approached the banks, which knew nothing about the initiative, but were happy to fill in the paperwork and see whether they could find something out. He made an inquiry to DBERR and was given a number. Obviously he was pleased to have the number, because it made him feel that someone had registered him on the system. I immediately wrote to the Department to ask, "When can he hear more news? Is he being assessed for the scheme? When might it start?" and so on. The response: radio silence. I have not heard a thing. I know that the Department is busy, but if those schemes are to make any difference to our industrial sector, we ought to have some answers. My constituent should know whether he is being assessed under the scheme.

We had a statement before this debate, and it was interesting that when my hon. Friend the Member for Sevenoaks (Mr. Fallon), who sits on the Select Committee on Treasury, asked the Chancellor whether he could identify one scheme, from among all the things that the Treasury has announced of late, that was operational and was benefiting companies in the real world in the UK, the Chancellor could identify only one. The deferral of VAT was the only scheme that he could identify as offering any help to any business in the UK today. That has to be a terribly sad indictment of a Government who have known that the economy is falling apart since last October.

Lord Mandelson came to the Business and Enterprise Committee in early January to set out the steps that the Government were going to take. I challenged him on how speedily the measures would be operational, but I got the usual tardy response from the noble Lord about how everything would be all right. The general tenor of his response to me was: "How dare you ask such an impertinent question?" Yet here we are, on 16 March, and none of the schemes that we were told would be activated so speedily has happened.

**Michael Fabricant:** Just on the subject of VAT, is my hon. Friend aware that, like so many firms, John Lewis recently said that the reduction in VAT from 17.5 to 15 per cent., which was so costly to the taxpayer, has made no difference whatever to overall sales? In any case, on 1 January, it is going to go back up again, although we also have to ask, back up to what: will it go back to 17.5 per cent. or will it go up still higher?

**Miss Kirkbride:** My hon. Friend is exactly right. The Government have struggled to find anybody, certainly in the retail sector, prepared to say that the 2.5 per cent. VAT cut has been successful. It has, in fact, been a burden to businesses as they struggle to try to deliver it to their customers—in the case of a restaurant, for example, without having to change the entire menu at lavish cost. All sorts of companies are affected; a car park in Bromsgrove has to run free days in order to recompense the public for their 2.5 per cent. VAT cut. As I say, it has been yet another burden to most businesses and it is certainly not obvious how it has encouraged consumer sales.

When I went shopping at Marks and Spencer before Christmas, the store had 20 per cent. off; I have not returned since, despite the Government's provision of 2.5 per cent. off. We all know how customers behave and we all know that sales in shops have been much bigger than anything provided by the VAT cut. As my hon. Friend the Member for Lichfield (Michael Fabricant) rightly said, we will also have to pay £12 billion back in the end.

Actually, £12 billion is the cost of the measures in this Bill, and the money is much better spent on those measures than on a VAT cut, which barely anyone has noticed and even fewer feel was worth while. I thus genuinely wish the Minister well in executing Government policy to help UK plc, because it needs that help.

5.42 pm

**John Howell** (Henley) (Con): I was struck over the weekend by the applicability to today's debate of comments made in the Health Committee. Let me remind the House of the conclusions of the Health Committee. Its report was

"highly critical of policy design and implementation, which ... has made meaningful evaluation of initiatives impossible."

It went on to say that

"governments have rushed in with insufficient thought, a lack of clear objectives, have failed to collect adequate baseline data, made numerous changes and not allowed time for policies to bed in."

It went on to recommend that policies be introduced

"with clearly defined goals and robust measurements for success."

Before we roll this Bill forward, relevant questions need to be asked about some of those issues and how they apply to the entirety of the Government's approach to the industrial and business sector.

We need to know what the Government are trying to achieve with this money. I have read the descriptions in section 8 of the Industrial Development Act 1982 and they are obviously necessary to release the money, but they should not be sufficient to release it. We need to understand the Government's strategy; it must not be hidden behind words in continuing discussions that lead to no action being taken.

It is particularly relevant for us to ask about the context of the disbursement funds, about how the Government view the business and industrial landscape and what it will be like post-recession. It is pretty clear from numerous Government statements that they think that the landscape post-recession will be very similar to what it was pre-recession. I do not believe that that will be the case at all. There will be fundamental changes in the way people deal with credit, for example, yet we see no initiative or great thinking to take that forward.

A number of hon. Members have picked up on the issue of the car industry. Money has been thrown at it, but what has it actually achieved? The Minister may recall that in a debate on a statement of 27 January, I put it to him:

"I have listened to the statement twice and I am none the wiser as to how many new cars the money will help to sell. Would the Minister like to tell us?"—[*Official Report*, 27 January 2009; Vol. 487, c. 179.]

It is, perhaps, not surprising that the Minister did not like to tell us. He merely said that it was all in the form of guarantees, and that therefore everything was all right. I do not think that answers of that kind take us much further towards being able to judge whether the money is appropriate and whether it is being well spent.

I should like the Minister to confirm that the car makers are yet to receive any of the money, and to set out the framework in which its use will be evaluated: the conditions, the success criteria, how value for money will be judged, and the method and speed of implementation. If the Minister thinks that he has answered the value-for-money question simply by saying that guarantees are better than grants, he has failed to appreciate that the House deserves to see below the top level, and to know how value for money is to be established as individual amounts are disbursed.

All this bears the signs of pure, blind panic. We have seen a bank recapitalisation which is failing to get money moving and to establish the necessary conditions. Other Members have already spoken of the confusion and difficulty facing, in particular, small and medium-sized enterprises. That was brought home to me on Thursday evening when, in my constituency, I hosted a recession networking event. I brought together businesses and local providers of services, in both the public and private sectors, to help companies in recession. Making sense of the help being offered by the 20 or so representatives had been an impossible task for many businesses—and why should they have to do it themselves anyway? Why should things not be in clear English and easy to understand?

I must tell the Minister that the event was a great success. I believe that it was attended by just under 150 people, and I think that they all benefited from talking to the providers as well as to each other. But is it not an indictment of the situation we are in, which the Government have made no real effort to improve, that 150 people felt the need to attend such an event because they could not work out what to do by themselves?

5.47 pm

**John Penrose** (Weston-super-Mare) (Con): This has been a short debate. That may be simply because this is a relatively uncontroversial Bill, but I am saddened to note that the Minister has sat in pretty much solitary splendour on the Labour Benches. No Labour Back Benchers have spoken, although one or two are present and their presence has been much appreciated. It strikes me as incredible that at a time of some of the worst economic conditions that we have experienced for not just one generation but probably several, not a single, solitary Labour Back Bencher thought it important enough and could care enough to turn up and add his or her tuppence-worth. Labour Members apparently did not think it important not only to support their Minister in what he is trying to do, but to try to ensure that their constituents and people around the country understood that they really care about the parlous economic conditions in which businesses are trying to operate.

However, a number of Members did speak—most, but not all, were Conservative Members, although there were contributions from Liberal Democrats as well—and a number of common themes featured in their speeches. My hon. Friend the Member for Bromsgrove (Miss Kirkbride) in particular, but others as well, asked for more details about the schemes that the Bill is supposed to support. The Minister did his level best. He is a decent man, and he tried to ensure that we all understood the various Government-announced schemes for which the funds would be used. I am sure that that was deeply appreciated, but it is clear from what was said by others today that he needs to say a bit more, if possible, in his response to the debate.

Let me pick up a couple of the points made by my hon. Friend the Member for Bromsgrove. It seems that neither the 1982 Act nor the Bill provides for assistance to either banks or insurance companies, but a number of the loan guarantee schemes that we have discussed today involve banks in one way or another. If they do not involve banks, they involve finance arms of car companies and others which—if not outright banks and holders of banking licences—are near-banks, and

*[John Penrose]*

are certainly the subject of much thought on the part of the Financial Services Authority at present. Will they be excluded from the Bill's provisions, in which case will the Government need to come up with funding through some other route, or will it be possible to use the financing under the Bill to support such various different schemes?

I understand that the provisions of the Bill are not allowed to apply to areas that have been granted assisted area status. The principal areas with such status at present are Cornwall, the west coast of Wales, the north-west coast of Scotland and the whole of Northern Ireland. If the measures under discussion cannot apply to firms that are based in, or operate in, those areas, how will the Minister be able to make sure that the money raised is directed towards, for example, a car company that has dealerships in districts with assisted area status? Will he offer clarification on that, so that it is put on the record not only for Members of this House, but for the many rather confused members of the business community? This afternoon, we have heard many examples of the incredibly complicated plethora of schemes.

It is not just the number of schemes that is the problem, large and numerous though they are—and they were read out with careful diction by my hon. Friend the Member for Hertford and Stortford (Mr. Prisk). As he also pointed out, each one of them has not only its own scheme, but its own application forms and terms and conditions. Therefore, if anybody trying to make an honest living by running a business wants to apply for one of these schemes, they almost have to hold a PhD in Government finance before they can hope to access it. That inevitably means that they are being distracted from the vital day-to-day business of adding value and creating wealth, and making and preserving jobs, and instead are having to focus on the best way to navigate their way through labyrinthine Government bureaucracy, which is clearly not an intelligent or productive use of anybody's time.

It is also worth while surveying the history behind the Bill. The Minister correctly pointed out in his opening remarks that this all started back in 1982 with a relatively modest amount of money: £1.9 billion. That was still a significant amount of money, however, particularly in those days; it was far from small potatoes. It is instructive to note how that cumulative total limit has grown. In the first 20 or so years, it grew very slowly—from £1.9 billion to just under £4 billion. However, since then—from shortly after the turn of the millennium—we have experienced, as a result of this Government's hyperactivity and the debt-fuelled boom in the country's economy, what is described in business terms as a hockey-stick increase. If we were to graph the rise in the cumulative limit, we would see that it increased very slowly for a long time, and in the past five or six years shot up. As a result, whereas the sum was £1.9 billion in 1982, we are now asked to agree an increase from about £6.1 billion to, in theory, a maximum total of £16 billion. I am afraid that if we ever needed an illustration of the speed with which the wheels have fallen off the Government's economic carriage, that is it.

The most frequently made and most damning point has been about the problem of implementation and delivery. That point has been made in various parts of the House—I was going to say in "all parts" of the House, but I am afraid there have not been any contributions from the Labour Back Benches. Many people would agree with the principles that the Government are trying to pursue, particularly in their various different loan guarantee schemes, but they have been woefully inadequate in turning their fine words into action—into something practical that business people can get their teeth into and their hands on—by making sure that the banks are starting to lend and that the various different loan guarantee schemes actually function.

As my hon. Friend the Member for Hertford and Stortford pointed out, the working capital scheme was supposed to be the Government's flagship scheme for getting credit moving in the economy. It was announced way back in January, but as of last week it had not guaranteed a single loan. The enterprise finance guarantee scheme was supposed to help small firms. It was announced in January, but the Federation of Small Businesses says that only 8 per cent. of its members can find a bank that is actually offering it. The loan guarantee scheme for car manufacturers—much discussed this afternoon—was announced in January, but the Government have only just asked for applications from firms needing help, and they have not disbursed a single penny so far. To be fair, Lord Mandelson realised that the scheme was not moving fast enough. He saw it was in trouble and he said that he would "investigate" why it was not getting under way. But as far as anyone can see, the investigation involved sending a junior Minister round to No. 11 Downing street to knock timidly on the Chancellor's door and ask him—"Please, if he wouldn't mind awfully and it wasn't too much trouble"—to pull his finger out.

That serves to illustrate the problem. We did not need an investigation into the difficulties. The problem was plain for everyone to see: dithering and spin instead of decisive, practical action. We did not need investigations or inquiries; we needed action—we needed Lord Mandelson to sit down with the Chancellor and have what is known in the Foreign Office as a full and frank exchange of views. We need the two of them to put the needs of the country ahead of party rivalries and personal wrangling over who is supporting whom in the running to become the next leader of the Labour party.

That, however, was not what happened. Britain's businesses did not get the prompt action they needed. Instead, what we got was weeks and months of bureaucratic constipation where nothing happened at all, and then, last week, Lord Mandelson lost his temper and started blaming people. He blamed the Treasury. He blamed the Bank of England. He blamed pretty much anyone he could think of. But the people of Great Britain knew exactly who was really to blame: him, and this Government.

The tragedy is that this is not just an internal Whitehall squabble where the only winners and losers are a few politicians and bureaucrats. This is deadly serious, because for every day of ministerial indecision, inaction and incompetence, more people lose their jobs, more companies go bust, and more investors lose faith in Great Britain. Rather than losing his temper and lashing out at his colleagues in Government, the Secretary of State needs to buckle down, as should his Ministers. They need to realise that they may have announced something and got a few headlines, but it will not happen unless they roll up their sleeves and get personally involved.

They need to forget about the press releases and glossy announcements and get stuck in to the grubby, messy business of implementation.

The trouble is that that is not likely to happen with this Secretary of State and this Government. They are creatures of PR and spin. They have spent the past 15 years doing it, and it is too late to expect them to change now. Leopards cannot change their spots. That is the tragedy of this recession. If they had moved faster and more effectively, they could have made it shorter and easier for all of us, but they did not, and now the whole country is paying for their dithering and delay. Every community in every part of Britain is feeling it: lost jobs, ruined companies, broken hopes. That is why people are increasingly coming to the same conclusion: it is time for a change.

5.58 pm

**Ian Pearson:** Let me say at the outset that I am glad that the official Opposition recognise the need for these additional powers. They are necessary, as they cover expenditure that may need to be incurred in the future to provide support for industry, and we all want that support to be provided.

The key points made in the debate fall into several categories. The first point I want to reply to is whether there are too many Government schemes and programmes. I recognise that there has been significant growth in the number of schemes over the years, which is why the Government, with the support of the CBI and others, introduced the business support simplification programme. That is also why we now have a programme of support called Solutions for Business, which works alongside the real help for business initiatives we have announced.

I reject entirely the over-exaggerations that are sometimes made by Opposition Members. I do not believe that one needs a PhD in Government finance to understand the programmes of support out there. I suggest that the hon. Member for Weston-super-Mare (John Penrose) and others who find the schemes confusing should visit the Directgov website or the real help section of the Business Link website, where they will be able to see the wide range of assistance that is available.

Secondly, may I say something about the enterprise finance guarantee scheme, which links to the points made by a number of hon. Members, before I move on to discuss the issues to do with delivery? The scheme covers more than 95 per cent. of all businesses in the UK. It is available to businesses with a turnover of up to £25 million and can provide Government loan guarantees at a rate of 75 per cent. for loans from £1,000 to £1 million. It has been welcomed by industry and, in terms of delivery, it is making progress. I recognise that when companies are facing financial difficulties in a world of 24-hour news, expectations are rightly high. More than 1,100 businesses have now been registered by lenders as eligible for support with potential lending values of more than £110 million. In the past week alone, potential lending of more than £30 million has been registered. That shows that real progress has been made.

I would say to hon. Members who might be interested in examining the facts that when one is in effect launching a new product, it takes some time to be established in the marketplace. That is the case with the enterprise finance guarantee and it probably explains some of the survey findings from the Federation of Small Businesses. All the major banks that have been participating in the scheme—I think there are 19 active lenders now, so those banks participating in the scheme include more than just the major lenders—have been training their staff at a variety of levels on the enterprise finance guarantee and how it operates. Banks are reporting approval rates in line with commercial lending approval rates of about 70 per cent. As the product becomes more established in the marketplace, we will see it continuing to spend. The fact that more than 1,100 businesses have to date shown themselves to be eligible and the fact that they are being considered by banks show that there is some significant take-up.

In some cases, having considered an application from a company, banks will decide even under the terms of the enterprise finance guarantee that they do not want to make the loan. Typically, that would be because a bank believed that the business could not service the loan. Clearly, we cannot support banks providing irresponsible lending. The enterprise finance guarantee has to be there for viable businesses, but it is right that the banks have to make the final decisions based on the lending criteria. We are making progress with the enterprise finance guarantee scheme and I hope that I have shown that.

**Mr. Prisk:** My argument was that Business Link and Ministers advised that the ability to convert an overdraft was specifically included in the scheme, yet the bank in question excluded the business on that very point, and not on a wider issue. I am not trying to ask the Minister to investigate an individual business but, whatever he may have been told, all the advice that we are getting from businesses suggests that the training on the ground in the high street banks simply is not there. When the Minister says that we are making progress, that rather contradicts what the noble Lord Mandelson loves to do, which is to go on ITN, as he did on 14 January, and say, "The scheme is open for business." Of course, the scheme he mentioned has not even started.

**Ian Pearson:** As I have just explained to the hon. Gentleman, the major lending banks have all been training their staff. There is no doubt that as the scheme is a new product, some people will not have received the training that they might need in the future, but it is important to recognise that the scheme has only been up and running relatively recently.

With lots of these programmes, one cannot suddenly say, "Rustle me up a spending programme that will get £1 billion of taxpayers' money out of the door within a week." I do not think that our taxpayers would expect the Government to do that. We need to ensure that we are effective in what we do by ensuring that the taxpayer gets value for money and that our programmes are properly monitored and evaluated. I can assure the hon. Gentleman that that is the case with the enterprise finance guarantee.

I also want to cover the points made about the working capital scheme. The scheme is not open to businesses to apply to, and I think that there has been some confusion about that on the Opposition Benches. We are in advanced negotiations with the banks on guaranteeing some extensive loan portfolios under the

*[Ian Pearson]*

working capital scheme, which will help to secure the working capital that is available to many companies in the country. It will also free up additional capital in the process. When we make announcements on the scheme, as we will, hon. Members will be able to see the scale of the activity, but the scheme is not available to businesses.

Let me explain the automotive assistance programme. Whereas businesses with a turnover of up to £25 million, regardless of their sector, can be eligible under the enterprise finance guarantee, we have introduced a scheme through the automotive assistance programme for businesses with a turnover of more than £25 million whereby they can access up to £2.3 billion in loan guarantees and, exceptionally, loans. A number of hon. Members talked about Government support for the car sector, and the programme is a key initiative. The hon. Members for Bromsgrove (Miss Kirkbride) and for Henley (John Howell) mentioned it, and I want to tell the hon. Member for Henley that the criteria for the scheme have been made publicly available. As it is relevant to companies in the automotive sector with a turnover of more than £25 million, we are talking about a relatively small number of companies—probably fewer than 200. I have written to most of them to explain the details of the scheme. That scheme is open for business.

As I mentioned, we had a seminar last Wednesday when we went through some of the nuts and bolts of the scheme with the banks and with companies in the automotive supply chain, as well as with the major manufacturers. We want to see early applications and there is no reason why companies should not apply to us right now. We will endeavour to assess the applications as quickly as possible, because I recognise the need to support the automotive sector at this crucial time.

**Mr. Prisk:** The working capital scheme was announced in January and we were told that it would be open on 1 March, if not before. When will it be operational?

**Ian Pearson:** As I said to the hon. Gentleman, it is operational now, in the sense that we are at the stage of advanced discussions with the banks on the packages that will be made available. I remind him that we are providing £10 billion in guarantees to support £20 billion in working capital lines continuing to be made available, freeing up additional working capital, as well. That is on top of the additional lending being made available to the economy as a result of the commitments we have secured from the banks participating in the asset protection scheme. RBS is committed to providing an additional £16 billion in lending to the business sector this year and, potentially, next; as for Lloyds Banking Group, the figure is £11 billion this year and next. That is significant additional lending, which we all recognise as important.

Frankly, the points made by the Opposition would have a lot more credibility if they did not try to rewrite history every few months. At first they were in favour of recapitalising the banks; now they say they are going through a major lesson in humility, which seems to be born of an attempt to criticise the Government, when in fact they have no credible alternative plans whatsoever. I have sat on the Front Bench over the past months waiting to hear from the Conservatives a credible alternative policy or a suggestion about what should be done. It is one thing being in opposition and wanting to oppose the Government and, rightly, scrutinise what we do; but sometimes, it would be nice to have some constructive opposition and to hear a proposal.

Let me deal with some of the other Government programmes that have been available. The hon. Member for Hertford and Stortford (Mr. Prisk) mentioned the capital for enterprise fund. It is important to note that, as he well knows, this is an investment fund—it is about equity and businesses seeking long-term investment, so it is not a quick fix. Some 231 businesses have already registered their interest in the scheme and, as with any other investment fund, we will need to undertake due diligence before making investments. It is a relatively small fund, but the provision of equity capital at this point in the economic cycle is needed by many businesses. The hon. Gentleman ought to be welcoming what we are doing. If he has different proposals and suggestions that he wants to make about what we should be doing to address the equity gap, let us hear them and hear how he is going to fund them. The Government are very clear and transparent about what we are doing and why.

**Mr. Prisk:** Last November, we set out a national loan guarantee scheme—£50 billion, clear and simple. Have it, take it—why will the Government not act?

**Ian Pearson:** I notice that the hon. Gentleman said absolutely nothing about equity, which we were just discussing. His party has not costed his proposal for a national loan guarantee scheme. It looks very similar to the working capital scheme that we have introduced, but I do not want to play party politics with who thought the idea up first. However, it is clear that the working capital scheme will provide support for existing credit lines of companies. It is providing real help for business, and the hon. Gentleman ought to welcome it.

The hon. Gentleman also asked about the scheme announced in the pre-Budget report on support for credit. As I hoped he would recognise, given that we have made this clear on a number of occasions, the £1 billion scheme that we announced then was turned into the £10 billion working capital scheme support programme that we have now announced, so we are getting on with delivering on that commitment.

The hon. Member for Solihull (Lorely Burt) made a number of points. Let me pick up on what she had to say about trade credit insurance. I appreciate the financial problems that a number of companies have as a result of the withdrawal of that insurance. As she knows, we are looking into these issues, because we are determined to do all we can to ensure that healthy and viable businesses survive. It is a complex area and it is essential that any intervention that might be designed is able to make a real difference. We should not be opening the taxpayer up to unacceptable risk, so there are some important issues there.

The hon. Lady also mentioned regulation on business more generally. As she knows, we look very carefully at any plans for further regulations. We have a small business impact test, and common commencement dates for any regulations that need to be introduced, but she is right to say that we should be looking at regulation on business particularly closely during these difficult economic times.

**Lorely Burt:** I appreciate that trade credit insurance is a complex matter. However, Members from all parts of the House have been asking about this for a number of months. Can the Minister give any indication of when the Government might produce some proposals on that?

**Ian Pearson:** The best that I can say to the hon. Lady is that we continue to examine these issues very closely. It would not be appropriate to make announcements, and I would only be criticised by the Conservative party for making them and then—well, it is just not the right thing to do at the moment.

The hon. Member for Bromsgrove talked about what she felt was a double guarantee. On the enterprise finance guarantee, we have a specific provision whereby it will not be appropriate for lenders to take any form of direct charge against the principal residence of someone who is being loaned to. She also mentioned the capital for enterprise fund. As I said, fund managers have been appointed and we are looking to explore with the fund how it can help businesses. I hope that they will be making investments shortly.

Before I finish, I want to make two points, the first of which is on value for money. I think it important to recognise that, in a Bill such as this, which provides cover for the provision of future expenditure, we are not actually incurring that expenditure. The normal parliamentary accountability processes still have to be gone through. There are also the normal processes of Government, and I want to assure the House that all expenditure is subject to Treasury Green Book approval requirements, which involve clear objective setting, monitoring and evaluation of programmes. Through all the programmes that we are introducing, we are looking to make sure that we introduce these measures in a thorough way that protects the taxpayer's interests.

Lastly, I want to re-emphasise that, in doing all this, the Government believe that it is right to act. We need to provide real help to businesses now. We should not be protecting industry from international competition; we should not be propping up failed companies, nor seeking to run them from Whitehall. However, we can and must act in a strategic way to provide support where necessary to our businesses and where it can be used well, and in a way that will help us to get through this recession in the best possible shape and to come out the other side fighting for Britain's interests, ensuring that we have a strong business base for the future. We want to maximise the benefits for UK society of the investment that we make in UK companies. We want to do so in a way that delivers for the taxpayer, but that also delivers our companies in a healthy state, so that they can continue to weather this recession and come out the other side fighting, prosperous and successful.

*Question put and agreed to.*

*Bill accordingly read a Second time.*

## INDUSTRY AND EXPORTS (FINANCIAL SUPPORT) BILL (PROGRAMME)

*Motion made, and Question put forthwith (Standing Order No. 83A(7)).*

That the following provisions shall apply to the Industry and Exports (Financial Support) Bill:

*Committal*

1. The Bill shall be committed to a Committee of the whole House.

*Proceedings*

2. Proceedings in Committee, any proceedings on consideration and proceedings on Third Reading shall be completed at one day's sitting.

3. Proceedings in Committee and any proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

4. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

*Programming Committee*

5. Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee, any proceedings on consideration or proceedings on Third Reading.

*Programming other proceedings*

6. Any other proceedings on the Bill (including proceedings on consideration of Lords Amendments or any further messages from the Lords) may be programmed.—*(Steve McCabe.)*

*Question agreed to.*

## INDUSTRY AND EXPORTS (FINANCIAL SUPPORT) BILL (MONEY)

*Queen's recommendation signified.*

*Motion made, and Question put forthwith (Standing Order No. 52(1)(a)).*

That, for the purposes of any Act resulting from the Industry and Exports (Financial Support) Bill, it is expedient to authorise—

(1) any increase in sums paid out of money provided by Parliament attributable to provisions of the Act—

(a) increasing the sum of £3,700 million specified in section 8(5) of the Industrial Development Act 1982 to £12,000 million, and

(b) increasing the sum of £600 million so specified to £1,000 million,

(2) any other increase attributable to the Act in the sums paid under any other Act out of money provided by Parliament,

(3) any increase attributable to the Act in the sums charged on and paid out of the Consolidated Fund, and

(4) the payment of sums into the Consolidated Fund.—*(Steve McCabe.)*

*Question agreed to.*

## Use of the Chamber (United Kingdom Youth Parliament)

*Debate resumed.*

*Question (12 March) again proposed,*

That this House welcomes the work of the United Kingdom Youth Parliament in providing young people with an opportunity to engage with the political process and bring about social change; notes that many hon. Members from all parts of the House are actively involved in the work of the UK Youth Parliament; and accordingly resolves that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House.

6.20 pm

**Mr. Christopher Chope** (Christchurch) (Con): It is wonderful that we have three hours and 40 minutes to conclude the debate on this subject that was begun last week. Ever since 11 February, the Government have been intent on trying to prevent this matter from coming before this House for proper discussion. It is a great pity that they did not respond to the strong advice given to them by Mr. Speaker that the subject should be given specific allocated time in Parliament for debate—that has not happened and it has come on as a tail-end Charlie in successive debates.

**Mr. Peter Bone** (Wellingborough) (Con): What sort of signal does my hon. Friend think the way in which the Executive have been behaving gives potential young parliamentarians?

**Mr. Chope:** They will have to make a judgment themselves as to what has been happening. This very day, I have been in communication with one of the elected members from the Dorset contingent of the UK Youth Parliament and I have spelt out to him how the Government have been trying to suppress debate on this subject. He is 14 years old and is one of three people from my constituency who were elected for Dorset in the UK Youth Parliament election; indeed, all three of the Dorset full representatives are from my constituency, so I hope that hon. Members will accept that I speak with some knowledge on this subject.

I say that not least because I have been looking at what happened last year when the Youth Parliament held its annual meeting. Contrary to what the Deputy Leader of the House suggested last time we debated this subject, it was not the annual meeting of the Youth Parliament that was held in the Chamber of the other place last year, but a meeting of the Youth Parliament that went on for one morning. When I saw the proposal on the Order Paper that the meeting should take place as part of the "annual meeting", I looked up what had happened at last year's annual meeting of the Youth Parliament, and what I found caused me no little concern.

The report of the opening meeting of the annual sitting of the Youth Parliament, which was held in Exeter university between Saturday 19 July and Tuesday 22 July 2008, begins by stating:

"'Arewright, my luvver?' Josh McTaggart and Lydia Cheyne...Procedures Group representatives for the South West, opened this year's Annual Sitting with some classic South West tradition. Dressed as farmhands, the two worked the crowd up while the Wurzels played into the hall. After welcoming the 300+ Members of Youth Parliament to Exeter University, Josh and Lydia began by introducing the Procedures Group; two representatives from each region...The crowd competed ferociously to give their regional rep the loudest cheers!"

A video was then shown, because the planned speaker who had been announced, none other than the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), had not got there on time. After the video ended, he arrived and delivered his keynote speech. The report states:

"He spoke for little more than 4 minutes, telling the Youth Parliament about Exeter's fantastic bars and nightclubs".

Today, we have the report from the man who is supposedly responsible for the nation's health bemoaning the fact that too many young people are indulging in drinking at an early age, yet none other than a Health Minister was promoting as the sole reason for the Youth Parliament's being welcome in Exeter the fact that it has fantastic bars and nightclubs. We have some good bars in this place, but I am not sure whether they will be open to the members of the Youth Parliament, if it should ever be able to meet in this Chamber.

Apparently, after the speech came questions to the Minister, including some about the credit crunch. The document, which is on the Youth Parliament's website, states that he

"feverishly defended Gordon Brown's recent Government borrowing strategies, saying that these things had to be done in difficult times and it would not cause a significant problem later on. He stated that there would categorically not be a recession, but refused to say when he thought the 'credit crunch' would be over."

It seems as though the Youth Parliament has been attracting people who do not really know what they are talking about, because obviously the Minister's prediction about there being no recession was wishful thinking and was extremely wide of the mark.

**Tim Loughton** (East Worthing and Shoreham) (Con): Does my hon. Friend's objection to the use of this Chamber by the elected members of the UK Youth Parliament for their debates hinge on the standard of their debate, which he is caricaturing—I base that on the comparison with the meetings of the UK Youth Parliament to which I have been—or the principle of their using this Chamber? Which is his greater concern?

**Mr. Chope:** I have concerns on both counts. My hon. Friend refers to meetings, in the plural. He will know that notwithstanding what the Prime Minister indicated—that there would be a meeting of the UK Youth Parliament in this Commons Chamber every year—the proposal now is that this meeting should be a one-off exercise. The question that I have asked one of the UK Youth Parliament representatives from Christchurch is what particular privilege he thinks has been earned by this year's members of the UK Youth Parliament to allow them to sit in this Chamber, given that that is to be denied to its subsequent members, as this is to happen for one year only.

I could understand a case being made for the use of this Chamber by any number of different organisations, but the fact is that we have never used this Chamber for anything other than parliamentary debate. We do not even use it for parliamentary meetings—party meetings. If it had been used for party gatherings, one might have imagined that when Mr. Blair was lauding all the young women Members of Parliament who had been elected

on a Labour party ticket in the 1997 general election, he might have chosen to have the photo-shoot in this Chamber, rather than somewhere else on the parliamentary estate. I can imagine a very strong case for an incoming Conservative Government with 400 or 500 Conservative MPs being able to say, "There is nowhere else large enough on the estate where we can meet following our great election victory, so why not take over the House of Commons Chamber for a meeting?" That would be wrong, because we should not abandon or abandon lightly the traditions of this House, which have meant that this Chamber is the one for those who have the privilege of being elected as Members of the real Parliament, not members of a mock parliament, whether it be a youth parliament, a Muslim parliament or any other parliament.

**Philip Davies** (Shipley) (Con): My hon. Friend, as ever, makes a very good case. Does he agree that if the UK Youth Parliament were allowed to sit in this place for its annual meeting, it would set a precedent to allow other organisations to hold their meetings here? There would be no reason why other parliaments—the learning disability parliament or parish councils—should not hold their meetings here once we have allowed the Chamber to be used by someone else.

**Mr. Chope:** My hon. Friend makes a good point. The Government have put the cart before the horse. The first principle that we should debate is whether we wish this Chamber to be used for purposes other than those for which it has been used hitherto. If it is decided that we should use the Chamber for other purposes, we can work out whether the applications should be chosen by ballot, such as the one held for exhibitions in the Upper Waiting Hall area; by discussion; or by members of the Administration Committee, who—ironically, and I speak as a member myself—consider the detail of applications for exhibitions in the Palace, but have not been consulted on this point.

**Mr. Bone:** If the Chamber is just a hall, why do we not rent it out on a commercial basis in this time of economic difficulty?

**Mr. Chope:** I would welcome the opportunity to have a debate on that subject. I would probably oppose such a proposal, but one could make a case for allowing, for example, the Chamber to be used as a film set. We could raise money for charity, for deserving young people across the world. One asks rhetorically, "Who could argue against that?"

We do not yet know the financial cost of using the Chamber for one day for the annual meeting of the Youth Parliament, but we do know that when the Chamber in the other place was used for half a day, the cost was some £30,000 to £40,000. That was funded partly by this House and partly by a grant from the Ministry of Justice. One might wonder whether that was the best use of that money, in terms of educating a wider group of people about what we do in this place.

**Bob Spink** (Castle Point) (Ind): The hon. Gentleman will recall that some hon. Members who were present to support his view last week argue that unelected Ministers from the other place should be allowed to come to this House to answer questions from its Members. That would bring unelected people into this House to speak. Does he see any inconsistency in that?

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Order. The hon. Member for Christchurch (Mr. Chope) has cast his net fairly wide so far, but he should not go as wide as the hon. Member for Castle Point (Bob Spink) is encouraging him to do.

**Mr. Chope:** I hope that my response falls within the terms of the debate, but I do not think that we should alter the system that we have, which has served this country well. People know that these green Benches can be sat on only by elected Members of the House of Commons. I speak as someone who had the misfortune of being defeated in a general election and I know how sad I was not to be able to come into this great Palace of Westminster and the House of Commons Chamber. But I accepted that, and I imagine that most members of the Youth Parliament would accept that although they may have aspirations to sit in this Chamber, those aspirations are best realised by getting elected to the real Parliament.

**Mr. Edward Leigh** (Gainsborough) (Con): It is said that the Youth Parliament is different from any other organisation because it is uniquely representative, but I do not see why it is more representative than any other group, such as the pensioners' parliament. Is not it a corporatist view of society that we have to be sidelined into certain groups—youth, the elderly, trade unionists and employers? Dare I say it, it is almost fascistic, although people will not like me saying that, and that is not what we are about. This Parliament represents everyone in the United Kingdom, not parts of it.

**Mr. Chope:** My hon. Friend makes a very good point.

Westminster Hall has been used for special events on several occasions, such as the 300th anniversary of the Glorious Revolution. One could make an argument for making an exception to the conventions, although I would not support it, by saying that last year we should have allowed the Scouts to celebrate their centenary here. Following Baden-Powell's foundation of the Scouts, they have spread the gospel of youth activity not just in this country but throughout the world. Why should we allow the UK Youth Parliament and not the Scouts or the Girl Guides?

**Kerry McCarthy** (Bristol, East) (Lab): We could spend a long time—I suspect that that is the hon. Gentleman's intention—talking about other groups that might hypothetically want to use the Chamber in the future. Perhaps it would be better to turn the debate on its head and ask what would be the harm in letting the UK Youth Parliament use the Commons Chamber.

**Mr. Chope:** I hope that the hon. Lady will have a chance to make her own speech in a minute. It is the same with any tradition when people ask, "What would be the harm?" I think that the harm would lie in sending out a message from this Parliament that we were indulging the Youth Parliament and patronising young people in an unhealthy way by leading them to believe that an equivalence existed between being members of a mock parliament and being Members of a real Parliament. There is all the difference in the world between a mock parliament and a real Parliament.

*[Mr. Chope]*

We know that the other place set a precedent when it allowed the final of the English-Speaking Union debating competition to take place in its Chamber. It allowed that once and decided that it would not do so again. Last year, the Youth Parliament was held there and, as I understand it, will not be invited back. I do not know whether that is an answer to the question from the hon. Member for Bristol, East (Kerry McCarthy), but she might well ask the same question when she brings a group of young people to visit the Palace. What harm would it do if she sat them down on the Front Bench and she went to sit on the Speaker's Chair? It probably would not do any physical harm, but either access to and use of this place is restricted to a particular group of individuals or it is not. If the Youth Parliament could come here, why should that be allowed for only one year? Why are the Government not proposing that every other organisation that wants to make a bid should be able to come here as well?

**Pete Wishart** (Perth and North Perthshire) (SNP): The hon. Gentleman mentions harm. I know that he loves this place, and admires and respects the workings of the House. Does he appreciate the harm that this debate is doing to the standing of this House in the eyes of the general public and how it is showing us as restrictive and elitist in denying the rights of these young people?

**Mr. Chope:** I am grateful to the hon. Gentleman for his various complimentary remarks about my involvement in the issue, but I could not disagree with him more. The Youth Parliament is a very young organisation. It was founded by Andrew Rowe—my hon. Friend the Member for Mid-Kent, as he then was. I do not think that he ever envisaged that it would be a rival to this Parliament.

It is interesting that so far in this debate, no one has drawn attention to the report that the Government themselves commissioned on the Youth Parliament, after the issue was considered by the Select Committee to which the hon. Member for Reading, West (Martin Salter) referred. Part 1 of the report says:

"this Review suggests that UKYP"—

that is, the United Kingdom Youth Parliament—

"is not meeting the expectations of many of its stakeholders. Many stakeholders feel UKYP has tried to 'run before it can walk', making claims for itself that it is not able to substantiate, given its level of funding and isolation from much potential support."

The complaints made include the complaint that the Youth Parliament is too English, that it is not in touch with other youth organisations, and that it is a group of people elected from various schools who have an impossible task in trying to represent the interests of young people collectively, because they do not have the time to be in touch with all the different youth organisations.

**Bob Spink:** May I take the hon. Gentleman back to when he said that, because the Youth Parliament is to come here, it may consider itself a rival to this Parliament? I do not see that at all. Without the Mace, which gives the Chamber its constitutional and legal significance, this place is just a set of green Benches. I really do not see the problem, and I do not think that the public do, either.

**Mr. Chope:** I respect the hon. Gentleman's view. He says that he does not think that there is a problem, but I happen to think that there is a problem. It is healthy that people will be able to express different points of view when we eventually get to hold a Division on the issue. That is the whole purpose of debate. I am not suggesting that everybody will agree. Earlier, I saw my right hon. Friend the Member for North-West Hampshire (Sir George Young) in the Chamber. I know that he feels very strongly that the issue should be debated in our Chamber, and that is now happening.

**Tim Loughton:** We are having a debate about the right of other people to have a debate here. My hon. Friend mentioned our former and, sadly, late colleague Andrew Rowe, who set up the Youth Parliament almost 10 years ago, in July 1999, in the Houses of Parliament. This is where it started. If he were here today, it would be sad for him to witness us having this debate, 10 years on, about denying a one-off opportunity, to start with, to those people—

**Philip Davies:** To start with?

**Tim Loughton:** It is for us to debate whether there should be only that one event, or whether it could be the first of subsequent similar episodes. It is sad that although the organisation started here, we are seeking to stifle that debate 10 years on.

**Mr. Chope:** I do not think that we are seeking to stifle debate. Indeed, the people who supported the amendment on the Order Paper are people who were determined that there should be debate. The amendment was put in the way that it was to emphasise that we did not have any quarrel with the fact that there is a Youth Parliament, and to emphasise that we wished it well. We did not contradict the main substance of the Government's motion, but we drew attention to the fact that there are other places in the Palace of Westminster where it is possible for the Youth Parliament to hold its annual meeting.

I put it to my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) that we are not talking about a special, 10th anniversary meeting. As I understand it, the Government are not saying that because of Andrew Rowe's great achievement in setting up the organisation, for its 10th anniversary it should have the right to meet here on a one-off basis. If that were so, the question that I would put to my hon. Friend is: why were the Scouts not able to use the Chamber last year for their centenary? When he has answered that, we could talk about other youth organisations, too.

My hon. Friend made a good point in the earlier debate, when he said that there is a difference between those from older age groups, who could themselves be elected to Parliament, and those from the under-18 age group, who are not eligible for direct election to Parliament, but my point to him is that there are a lot of other youth groups out there doing extremely valuable work with young people in much larger numbers than the Youth Parliament, and which were established much longer ago than the Youth Parliament. If we want to celebrate a particular landmark in the history of an organisation, there is a case for saying that we should allow some of

our facilities to be used by it, but that is not the basis on which the Government have put the case for allowing the Youth Parliament to meet in this Chamber.

I referred to the report that the Government commissioned on the subject. It extends to the best part of 200 pages. I will not refer to it in detail, but the executive summary is basically a cautionary tale to people who might otherwise get carried away with their enthusiasm for the Youth Parliament. It basically says that the Youth Parliament needs to communicate more closely with other young people, and certainly needs to be more representative of all the nations that form part of the United Kingdom.

**Mr. John Leech** (Manchester, Withington) (LD): Does the hon. Gentleman accept that, at a time when we are trying to encourage participation in the political process and to get young people interested in politics, we are discussing exactly the sort of initiative that would get young people more interested in politics and more likely to be involved in the Youth Parliament?

**Mr. Chope:** The event may encourage some people to get interested in politics, but of course we must remember that the Youth Parliament is not party political; in other words, it is non-ideological. Not long ago, I was re-reading the splendid book that our late and noble Friend John Biffen produced on this place. He reminds us of the fact that at the age of 14, he attended his first Conservative conference in Bridgwater and was an active member of the Young Conservatives. Then of course there is my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), who was, I think, 15 when he took the Conservative party conference's main platform by storm with his fantastic speech. Both those people, who were party members in their teens, went on to serve the nation really well as fully fledged Members of Parliament. They did not need a Youth Parliament to enable them to do that; all that they needed was a receptive party political organisation, namely the Conservative party.

**Philip Davies:** Does my hon. Friend agree that the idea that we have to allow the Youth Parliament to use the Chamber to inspire its members to get into politics is nonsense? The fact that they are already members of the Youth Parliament shows that they are already interested in politics. If the purpose is to try to inspire people to get involved in politics by using the Chamber, surely we should allow youths who are not members of the Youth Parliament to sit here, because it is clearly they who are not interested in politics at the moment.

**Mr. Chope:** My hon. Friend, who is the enlightened voice of youth among us this evening, makes an important point. There is a lot to be said for encouraging young people to engage in real politics—that is, politics that involves not only being able to argue the case for a pressure group or interest group, but seeing things on a wider scale, and considering questions such as, "How will we raise the money to pay for this?"

One of the Youth Parliament's campaigns is for subsidised fares for all young people. Obviously, a case can be made for that, but when the members of the Youth Parliament talk about that, they are acting more like a pressure group—a young version of the National Union of Students—than a Parliament. A Parliament would look at the wider context—at, for example, how such a proposal would be funded, where the savings would come from, and to what extent old people's concessionary fares would have to be adjusted to enable young people's concessionary fares to be introduced. Those are all worthy subjects of debate, but they are not quite the same as having a Parliament. Given the keen interest on the part of the Liberal Democrats in the debate, I hope that some of them have read in the *Official Report* what their hon. Friend the Member for Taunton (Mr. Browne) said in our previous debate. He made the point that we were seeking to patronise one particular youth organisation while neglecting other important youth organisations.

My amendment proposes that the Youth Parliament at its annual meeting this year should be able meet in Committee Room 14. I cannot remember whether it was the Deputy Leader of the House or someone else who said that it has already met there, so it does not need to meet there again. However, we are talking about it meeting in that room when the House is not sitting. If you, Mr. Deputy Speaker, or I wanted to organise a meeting in Committee Room 14 when the House was not sitting, we would be given a firm no, because those facilities are not available when the House is not sitting. It is not like meeting in that room when the House is sitting—we are talking about something quite distinct—and it would be possible for the Youth Parliament to be given a special privilege under my amendment, so that it could sit in Committee Room 14 when the House is in recess.

We do not even know—perhaps some people do—the date on which the annual sitting is expected to take place. Last year, the annual sitting lasted three or four days at Exeter university. This year, the Government propose that the sitting last for only one day. *[Interruption.]* The Minister looks as if he wants to intervene to tell us the date, and I would be grateful if he did.

**The Deputy Leader of the House of Commons (Chris Bryant):** I was just going to ask the hon. Gentleman if he is going to move his amendment.

**Mr. Chope:** Yes, I am. However, perhaps the hon. Gentleman wishes to tell the House when he expects the annual meeting to take place. Will he provide us with that information? Perhaps not. That is the extraordinary position in which we find ourselves. We have been kept in the dark by the Government, and I am pretty disappointed by some of the members of my party. I believe that it is the role of the Opposition to hold the Government to account and to try to scrutinise Government proposals. It seemed at one stage as if there were a collusive pact between the Front Benches to try to prevent the issue from being fully debated in the Chamber. However, other Members and I have asked that the Administration Committee look at the proposal, and it was implicit in what my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) said in our previous debate that he supported that. If that is not the case, perhaps he will tell us later, but approval of the motion should be subject to advice in advance from the Committees of the House that are charged with that responsibility. That is exactly what happened in the other place. When the proposal was first mooted, it was submitted to the Information Committee for consideration, which resulted in a recommendation to the House as a whole.

**Mr. Bone:** I hate to disagree with my hon. Friend, but I understand that Opposition Members have a free vote tonight. I am not sure whether that applies to Government Members. Has he received any indication as to whether this is being treated as a House matter or not?

**Mr. Chope:** The Deputy Leader of the House said that he did not regard this as a party political issue, and there was going to be a free vote for Government Members, including Ministers. I hope that is the case, too, for Conservative spokesmen, although earlier indications suggested that that might not be the case. *[Interruption.]* Perhaps my hon. Friend the Member for East Worthing and Shoreham, who represents young people as a shadow Minister, can inform us as to whether it is a free vote for all members of the shadow ministerial team.

**Tim Loughton** *indicated assent.*

**Mr. Chope:** My hon. Friend is nodding, so I am pleased that we have made progress on that matter as well.

**Bob Spink:** Will the hon. Gentleman make it clear, because he has not quite done so, that the Government motion proposes that only the 2009 annual meeting of the Youth Parliament be held in the Chamber? We could use it as an experiment to see whether it works. We should see how it turns out, then decide how to move forward in future.

**Mr. Chope:** We could do so, but that is not what the Deputy Leader of the House said. He did not say that this was some sort of experiment, and if it went well, it would open the floodgates for the Youth Parliament to meet here every year. He specifically ruled out the possibility that the whole annual meeting should be held here. He said that one day of the meeting should take place in the Chamber, thereby leaving in limbo the issue of what would happen on the other days. Will the Youth Parliament use other facilities in the House, and what arrangements will be made?

**Mr. Gregory Campbell** (East Londonderry) (DUP): I was hoping that the hon. Gentleman would deal with his amendment in some depth, given that we are discussing the rationale for the traditions of the Chamber and the House—and it is right and proper that we maintain them—and the allegations of elitism from the Government. His proposal goes some way towards addressing that issue, and I would certainly be grateful for some meat on the bones of the amendment.

**Mr. Chope:** Committee Room 14 is arguably the most important Committee Room in the House. There is a magnificent painting there that depicts what happened when the House rebuffed those who came along, on behalf of the King, seeking to arrest Members of Parliament, only to be told where to get off. The mere fact of members of the Youth Parliament going into that historic Committee Room and having explained to them the background to that painting would enable them to have a better understanding of the privileges associated with the House.

**Mr. Leigh:** It is not just a picture on the wall—the room is redolent with history. It is where, for instance, Mr. Parnell lost his battle with the Irish Parliamentary party and lost his job as leader of that party in the 19th century. It is a very important room, and it is not to be sneezed at.

**Mr. Chope:** Certainly not—my hon. Friend is absolutely right. When he used the expression, "not to be sneezed at", he picked up a theme from our previous debate that that room was not good enough for some reason. The letter that I have received from a Christchurch member of the Youth Parliament almost suggests, "Well, we have done the House of Lords. Now, let's do the Chamber." Where next?

**Philip Davies:** Buckingham palace.

**Mr. Chope:** Indeed.

**Kerry McCarthy:** The hon. Gentleman has just mentioned that while consulting on his amendment he spoke to one of the Christchurch members of the Youth Parliament. Will he tell the House how many young people he consulted across his constituency on a wider basis, what proportion of them were in favour of using the Chamber, and what proportion of them were keener to use Committee Room 14?

**Mr. Chope:** I do not know whether the hon. Lady does so, but I have made it my business to try to encourage young people to gain an understanding of the workings of Parliament by taking on gap year students to work in my office. I am lucky to have had two such people working for me this year, and I can assure her that both of them, unprompted, think that the Government proposals are absolutely barking.

I can tell the hon. Lady that I am the proud father of two teenage children and that they have similar views. In situations such as this, the Government would say that I had consulted widely. I would not say that, but I have consulted. I am sure that there are people on both sides of the argument but up to now, with the exception of one person, I have found among young people only those on my side of the argument.

As we know in this Chamber, in order to make a point, it does not need to be made at length. However, it is important to recognise that the amendment is not some sort of wrecking amendment. It is an attempt to find a constructive way forward which would enable us as Members of the House to recognise the important work that the Youth Parliament has done, to applaud Andrew Rowe's founding of it, to hope that it continues to go from strength to strength, and to give it some encouragement by saying that when Parliament is not in Session, the Youth Parliament should be able to hold meetings in Committee Room 14 and thereby enjoy all the history associated with that Room.

**Mr. Bone:** Before my hon. Friend concludes his opening remarks, will he turn to the question of costs, and what sum might be involved if the Youth Parliament were allowed to use the Chamber?

**Mr. Chope:** I referred to that fleetingly before. Obviously, nothing is without its cost, and the costs of the meeting in the House of Lords were apparently between £30,000 and £40,000. We have not yet heard from the Minister

what the costs might be to hold a one-day meeting in this Chamber during the annual sitting of the Youth Parliament, but the costs of security and supervision would be not inconsiderable. I should have thought that we would be entitled to know about that in advance and to discuss whether that represented good value for money. Some people might reach the conclusion that that sum would be better invested in promoting the Youth Parliament in individual constituencies.

**Tim Loughton:** I am not an expert, but my hon. Friend might find that a large part of that cost relates to the travel costs of the members coming from various parts of the United Kingdom. Those are standard costs, which would be payable wherever the UK Youth Parliament chose to meet. I should not have thought that the additional staff costs of keeping the Chamber open on a particular day would be prohibitive. He might be slightly cautious before he apportions to this place costs that are fixed for the Youth Parliament.

**Mr. Chope:** I am innately cautious; that is why I am a Conservative. I refer to the information that I obtained from the House of Commons Library. The evaluation report carried out following the meeting in the other place stated:

"Parliament's Education Service funded the majority of the costs associated with the event in a grant of £28,120 to the UK Youth Parliament. The Ministry of Justice also contributed £5,000 towards the event. The House of Lords covered certain costs and committed significant resources to the event, including senior staff time and the use of the Chamber itself."

That is a reference to a report done by Lucy Crompton, "UK Youth Parliament Debate in the House of Lords 2 May 2008".

My hon. Friend is right to say that this is an important issue. I am glad that he recognises that. Surely a proper evaluation of the implications and what is involved should have been carried out in advance of the proposal. That has not happened, and it may mean that there are fewer resources available to fund the cost of travel for school visits to the whole of the Palace of Westminster, for example, rather than individual visits by members of the UK Youth Parliament. If that is the consequence of allowing the Youth Parliament to use the Chamber, we should know about it.

It is significant that the Speaker has not yet made a statement about the matter. It is still somewhat up in the air whether, if the Youth Parliament meets in the Chamber, he will preside over those proceedings in the same way as the Lord Speaker presided in the House of Lords debate. Although the Minister said in the previous debate that the Mace would not be used, there was some suggestion of a mock Mace being used, which was not ruled out.

**Chris Bryant:** I am happy to rule that out.

**Mr. Chope:** I am glad to have been able to provoke the Minister to respond. Even if he does not know the date of the proposed meeting, he knows that a mock Mace will not be used for the mock Parliament.

There is an enormous number of details, which I shall not dwell on, but which should be the subject of a proper debate. The debate on the detail should take place not in the Chamber, but in one of the appointed Committees of the House. Before we vote on this motion, we should have considered a motion that this House takes the view that the Chamber should be used for purposes other than those for which it has been used hitherto. If we had established that principle first, and that principle had been agreed, as a democrat I would be the first to accept that we would then have opened ourselves to all sorts of bids from different organisations wanting to make use of our Chamber. All those bids could be the subject of scrutiny and debate by the Administration Committee.

**Mr. Andrew Pelling** (Croydon, Central) (Ind): Does the hon. Gentleman accept that in many ways the House is about promoting democracy, and that by bringing young people here, we would be aiding that role? I have met Croydon, Central representatives of the Youth Parliament, and I believe they would give almost as good a speech as the hon. Gentleman is giving this evening.

**Mr. Chope:** My hon. Friend goes down that long-trodden path of trying to use flattery. I know that his intentions are generous, but I will not be seduced by that. I hope that he will have a chance to make his own speech later.

I do not accept my hon. Friend's premise that the promotion of democracy in the Youth Parliament will be enhanced by the Youth Parliament's being able to use the Chamber as opposed to being able to meet in Committee Room 14. If the argument is about giving publicity to the Youth Parliament, he and I are contributing to that process by participating in this debate. In our previous debate, the Deputy Leader of the House suggested that one of the great merits of our debate was that it would give publicity to the United Kingdom Youth Parliament, but nobody could argue that in itself giving young people the right to sit on these green Benches enhances democracy.

Allowing young people to participate in party political activity, conferences and young people's political organisations is very helpful for democracy, and I regret very much the reduced activity in all our political parties, including—I am not sure which political party my hon. Friend the Member for Croydon, Central (Mr. Pelling) belongs to now—*[Interruption.]* Very well, the wilderness political party. I gave the example of the late Lord Biffen and the current example of my right hon. Friend the Member for Richmond, Yorks, but there have been many other people who gained an appetite for engaging in democracy and debate through the political process, without coming to visit Parliament and without having to sit on the green Benches.

**Mr. Brian Binley** (Northampton, South) (Con): The Deputy Speaker himself.

**Mr. Chope:** My hon. Friend indicates that the Deputy Speaker might want to join in the debate, but unfortunately I do not think he is allowed to do so. Perhaps that is another of the conventions or rules that will soon be waived.

**Mr. Binley:** With due deference to my hon. Friend's remark, I was simply agreeing that many of us came up through political youth organisations, and I was paying tribute to the Deputy Speaker's great achievement in one of those particular movements. That was my point.

**Mr. Deputy Speaker:** Order. Echoing the words of the hon. Member for Christchurch (Mr. Chope) on the idea of flattery getting the hon. Gentleman anywhere, I have to say that it will not work this evening. The Chair should not be brought into the debate, however well-intentioned the hon. Gentleman's comments might have been.

**Mr. Chope:** Mr. Deputy Speaker, I congratulate my hon. Friend on succeeding in getting you to your feet in this debate—

**Mr. Deputy Speaker:** Order. It might not take that kind of intervention; I say to the hon. Gentleman that he must guard against repetitious argument.

**Mr. Chope:** I certainly would not want to go down that road.

To sum up my case on the amendment, this is a serious subject that has not been addressed by the Government with sufficient clarity or gravity up to now. Are we on the verge of approving a precedent that this Chamber can be used for other purposes and by other organisations and will there be a free-for-all in future? If that is what is being proposed, I am against it, and right hon. and hon. Members need to have their eyes open to the full implications of the setting of a precedent.

Is the measure meant to enable the Prime Minister to save face because he made a statement—without consulting Mr. Speaker—that this Chamber would be available for the Youth Parliament every year? He has been trying to make that happen since then, and has he now, in some shabby compromise, been forced into allowing it to be used only for one year? If that is the sort of shabby compromise underlying this proposal, let us be clear about it. I have my suspicions, and I think that this motion is probably the result of a shabby compromise.

Underlying it all is the fact that a lot of young people are elected to the Youth Parliament, and aspire to be elected to it, and I have not yet heard why this year's cohort of youth parliamentarians should have exclusive use of this Chamber in a way that will be denied to subsequent cohorts. I fear that this Government's proposal patronises young people in an awful way.

**Mr. Leigh:** Let us cut to the quick. This proposal is about trying to look trendy and to suck up to the youth vote. In fact, youth find that patronising. The one thing that they cannot stand is politicians who are mutton dressed up as lamb. That is the real truth. The Government will not get any credit at all from the youth of this country for this proposal.

**Mr. Chope:** As my hon. Friend would have said, we are not going to be treated as cool by using the expression "cool". My children say, "Whatever else you do, Daddy, don't use the expression 'cool'." The Government are trying to appear to be cool, but as my hon. Friend says, young people will not be taken in. At the end of the day, this proposal would be a craven capitulation to the misguided agenda of the Executive. It would be pandering to what they see as populism, grossly indulgent and an insult to all those people who have honoured this Chamber in times past, who would be nervous about setting a dangerous precedent for the future.

I beg to move, as an amendment to the motion, leave out "the Chamber" and insert "Committee Room 14".

7.14 pm

**Michael Jabez Foster** (Hastings and Rye) (Lab): My contribution will be of the briefest nature because I do not intend to compete with the hon. Member for Christchurch (Mr. Chope), thus enabling the debate to go on so long that there will not be a vote. It will be a real challenge to democracy if, after last week's debate, we have yet another debate that does not come to a conclusion.

I am unashamedly in favour, not of something that is cool, but of something realistic, fair, reasonable and that shows respect and encouragement to the young people of the UK Youth Parliament. Of course it is a privilege to be in this place. Every one of us, as we enter this building, appreciates that it is a place of great history and great precedent, but at the end of the day, as someone said earlier, it is a row of green Benches—it is a place. That is what matters most. It has that history, but that adds to the reasons why young people should be encouraged and have the opportunity to take part.

**Mr. Graham Brady** (Altrincham and Sale, West) (Con): The hon. Gentleman expresses the view that this is just a room, a place with green Benches, which has been expressed by one or two other Members during these debates. Does he, therefore, regard the Speaker's Chair as being just a chair, and does he believe that it should be available for members of the Youth Parliament to use?

**Michael Jabez Foster:** I have no problem with that, and I hope that Mr. Speaker would not either, although perhaps it would be more appropriate to use the Chairman's chair. But that is not relevant. What matters is respect for the office and the way in which we conduct ourselves, and we certainly do not show respect for this place by talking out an obvious and reasonable proposition. That is what brings this place into disrepute, not whether we sit or stand, or what we do in this place itself.

**Mr. Bone** *rose—*

**Michael Jabez Foster:** I will not give way because I intend to make a brief contribution.

It is important that we do not talk down the UK Youth Parliament. Its representatives in my area have contributed significantly, over many years, to advancing the views of young people, which is surely what they are there to do. The fact is that they are not a mock Parliament, as has been suggested by some hon. Members, but a real representative body with reasonable turnouts. And those turnouts of young people are somewhat greater than the ones we sometimes get. That is the truth of it.

Young people do not vote for we fuddy-duddies, as they see us. Wherever we sit, whatever we say, whatever our purpose and whatever our intentions, they do not vote for us. Why is that? They do not vote for us, because we are not connected. I do not believe that we can connect by being "cool", by using certain expressions or by being on Facebook—although I wonder how many of us are—but young people should have the opportunity to talk the real language of the people whom they represent. That is not as partisan, in the narrow sense, as has been suggested. For example, in Hastings, we have an excellent youth council that has

recently put together a Myplace bid, and has succeeded. In turn, that council works with the Hastings seniors forum on concessionary bus fares and issues of common concern. Young people are real politicians.

**Mr. Philip Hollobone** (Kettering) (Con): If the measure is passed, would the hon. Gentleman hope that other organisations and other Parliaments would also take advantage of the offer, or would he see it as strictly a one-off, with no other such examples following in future?

**Michael Jabez Foster:** I do not have a problem with the proposal having a wider application. I do not share the view that this matter is precious, or more especially that we are precious. This is an important place, but we are not that important. The truth is that much of this debate is about us. As my hon. Friend the Member for Reading, West (Martin Salter) said, it is a question of only elected posteriors being allowed to sit on these green Benches. I do not understand that concept. We are just ordinary representatives of people. We got voted for, and it is a great privilege to be here, but the members of the Youth Parliament were voted for, too.

**Bob Spink:** Does the hon. Gentleman acknowledge that this place is precious? It is special, and the Speaker's Chair is special, but that is only the case when the Mace is in its place, which is what gives it its constitutional and legal significance? Otherwise, it is just a group of green Benches.

**Michael Jabez Foster:** I agree entirely. The Mace is important, of course; it symbolises the supremacy of the House. The hon. Gentleman's point is a good one.

**Mr. Binley:** Does the hon. Gentleman know of the T.S. Eliot poem that states that there are places

"Where prayer has been valid"?

The argument is that that activity enhances and heightens the place itself. Does he agree that the activity that takes place here "has been valid" and that it heightens the meaning of this place?

**Michael Jabez Foster:** It might do and it might not; the truth is that some debates in this place—including this one, perhaps—are evidence of the fact that it can go to lows as well as highs. What really matters is what we do in this place—the decisions that we come to and their relevance to the young and the wider sphere of people.

**Philip Davies** *rose—*

**Michael Jabez Foster:** I will not take another intervention—not out of disrespect, but because I believe that we should show respect and encouragement to young people who want to get involved and I do not intend to take lots of interventions and be party to talking this debate out. I hope very much that the House will make a decision tonight. We expect young people to respect us; I hope that we will not show disrespect to young people through this sort of charade, which has everything to do with preciousness and nothing to do with democracy.

7.21 pm

**Tim Loughton** (East Worthing and Shoreham) (Con): I had not intended to speak on this subject when I was perchance in the Chamber for round one last week. However, there have been many contributions and I thought I would add my own. I support the Government motion, but not without criticism.

I agree with my hon. Friend the Member for Christchurch (Mr. Chope) on four points. I entirely respect his views and those of hon. Friends who agree with him. Like us all, my hon. Friend is engaging in this debate because we respect the Chamber, Parliament and parliamentary conventions, and we do not want anything to dilute or undermine them. We all speak from that perspective.

Secondly, I agree with my hon. Friend that it is right that we should debate the issue. The Government have not been terribly smart in putting the motion on the Order Paper with the intention of sneaking it through at the end of the day. Too many items of business are sneaked through. The Minister might acknowledge in retrospect that there was more interest in this subject than he may have thought when it was timetabled for the end of the day.

**Mr. Bone:** That is one of the crucial points. If the Government had provided time for debate and tabled a proper motion that laid out all the different criteria, many Members would have felt more inclined to participate. It is the way the matter has been handled that has annoyed so many Members of Parliament.

**Tim Loughton:** I am sure that my hon. Friend is right; I shall come to that point in a minute.

I agree with my hon. Friend the Member for Christchurch on a third point: Front Benchers did not discuss the matter properly so that everybody knew what was going on and could make arrangements accordingly. If it had been so discussed, the Minister would have received advice saying that there was great interest in there being a proper airing of the issues.

My fourth point of agreement is that the motion lacks detail. I do not know whether the Youth Parliament's sitting here will be a one-off or how much it would cost, although I do not have a big problem with the House of Lords example that has been cited. We have had some clarification on whether the Mace would be here and whether the Speaker would be in the Chair. However, there are still a lot of question marks and the House is entitled to a little respect and to the detail. I do not think that there would be much to alarm us, but we need to know it.

**Chris Bryant:** The hon. Gentleman raised one issue on which there is no lack of clarity: the motion on the Order Paper refers to only one event.

**Tim Loughton:** That is giving rise to questions about whether the event will be annual or a one-off. I do not have a problem with that, because we need to experiment; we need to have a pilot and to learn from it. With those riders, I will support the Government motion but not the amendment tabled by my hon. Friend the Member for Christchurch.

*[Tim Loughton]*

We have now spent more time on this debate than is spent on a normal half-day Opposition day debate, so we are giving the subject a good airing. Rather than using this time to discuss whether there should be a Youth Parliament debate in this place, we should be debating the merits of the UK Youth Parliament—whether it is doing a good job, how we could encourage it to do better, whether it should be better funded, why it is not truly representative of the United Kingdom in Scotland, Northern Ireland and Wales, and how we could better engage with it. We could discuss how youth parliamentarians could visit more often to speak to Ministers and Opposition Front Benchers and engage with Select Committees and so on.

**Mr. David Heath** (Somerton and Frome) (LD): I agree with everything that the hon. Gentleman has said. He mentioned the length of this debate. It is instructive that this debate is taking a great deal longer and has a much higher participation rate than the debate on the Industry and Exports (Financial Support) Bill, which spent £12 billion of public money and attracted hardly a handful of colleagues. Perhaps nowadays Members of Parliament do not get out of bed for less than £1 trillion of profligacy.

**Tim Loughton:** I agree with the hon. Gentleman. It makes us look a tad silly when we spend a lot of time on a procedural measure rather than on legislation that will affect a lot of people in the wider world.

**Pete Wishart:** Will the hon. Gentleman give way?

**Tim Loughton:** I will, but then I would like to make progress. I do not want to talk the motion out, because I think it a good idea.

**Pete Wishart:** I am grateful to the hon. Gentleman. I hope that we do not talk this out and that we get the opportunity to vote this evening. He mentioned Scotland, which sends representatives to the UK Youth Parliament. However, we also have the Scottish Youth Parliament, which meets quite regularly in the Scottish Parliament, with no fuss whatever—even the Conservative group there is totally supportive. What is so different about this place?

**Tim Loughton:** The hon. Gentleman has made a good point. My point was that this is a UK Youth Parliament that does not receive funding for its activities north or west of the borders of England. We need a debate on how we can make it a truly representative UK Youth Parliament, drawing perhaps on the good practice and examples of the Scottish Youth Parliament, the Funky Dragon and the Northern Ireland Youth Forum.

We should remember how the UK Youth Parliament was formed. My hon. Friend the Member for Christchurch duly gave recognition to our late lamented colleague Andrew Rowe, who set up the Youth Parliament 10 years ago—

**Mr. James Plaskitt** (Warwick and Leamington) (Lab): Don't call him Julie!

**Tim Loughton:** I said "duly", with a "d".

The Youth Parliament is not a party political organisation, but an independent national charity. After 10 years, there are flaws in it; that is why we should be debating how to make it better. However, after all those years it has surely come of age and deserves a little more respect than has been implicit in some of the caricatures of its activities that we have heard in this debate. Each local education authority in England represents a UKYP constituency. Elections take place every year, and more than 550,000 young people have participated in those elections in recent years. There have recently been elections to UK youth cabinets and parliaments; in my county in west Sussex there were record turnouts. In one school in my constituency there was a 96.5 per cent. turnout to vote in the west Sussex youth cabinet, which went on to elect UKYP members as well.

In June, I shall host an event in which schools with the highest such turnouts will receive an award. Pupils from them are coming to this place to get recognition of that. *[Interruption.]* They will not come to the Chamber but to one of the meeting rooms, because it is not a UK-wide event.

We should look at the good work that the UK Youth Parliament has done. It is democratically elected and has annual sittings, some of which I have attended. Far from what some of the caricatures have implied, some really impressive work goes on. Last year there were debates about youth transport, the environment, the age of participation in elections and other matters important not just to young people but to the population as a whole.

**Philip Davies:** Does my hon. Friend agree that the debate should not be caricatured so that those who think that the Youth Parliament does a good job are automatically deemed to be in favour of allowing the Chamber to be used, and those who oppose the Youth Parliament's sitting in this Chamber are deemed to be against the Youth Parliament per se? I am happy to accept that the Youth Parliament is a good thing; I just object to the idea of its using this Chamber.

**Tim Loughton:** I fear that the debate has been slightly muddied with some caricatures of UK Youth Parliament proceedings in other places. That is unfortunate, unrepresentative and inaccurate. I hope that we will have a debate on the principle of whether its sitting should be held in the Chamber.

I turn now to the UK Youth Parliament's select committees. As a shadow Front Bencher, I have engaged with them, and there is enormous scope for them to engage with our Select Committees. Its select committees draw up manifestos. They have made some important observations on sexual health, for example, which informed the Government's recent decision on the teaching of that subject in schools. They do a very important job.

**Charles Hendry** (Wealden) (Con): I declare an interest as a trustee of the UK Youth Parliament. Does my hon. Friend agree that one of the best examples of its doing good work was its sitting in the other place, where we saw an enormous number of young people coming together to talk about very serious issues in an extremely constructive and productive way? Those of us who had

the opportunity to sit in on and watch that debate saw the very best of young people—it was a very good representation.

**Tim Loughton:** My hon. Friend is absolutely right. As a trustee of the UK Youth Parliament, he speaks with great authority on the subject.

The debate went rather well in the other place, so why not have it here? The UK Youth Parliament has sat in the Lords, in Berlin, in Dublin and in the European Parliament, and is about to sit in Sweden. It does not frighten the horses in other chambers around the world where it has similar meetings. Its members did not trash the House of Lords; they were not found swinging from the chandeliers or the Throne, or abseiling from the Public Gallery. They behaved rather well and had a very worthwhile meeting. Let us not be afraid of allowing young people into these hallowed Chambers. Parliament is not just a room or a building, fantastic though it may be—it is an assemblage of political people coming together to discuss and debate. When one takes away the Mace, the Speaker and the hon. Members, one is left with furniture.

**Philip Davies** *rose—*

**Mr. Leigh** *rose—*

**Tim Loughton:** I thought that that might get some response.

Parliament has met in many different chambers, and that did not detract from its power and sovereignty or from what it discussed.

**Mr. Leigh:** If this place is a collection of furniture, why does the Youth Parliament want to sit here?

**Tim Loughton:** It sends a clear message about the importance that we vest in the voices of young people who are interested and have taken the trouble to be elected by their peers and who have something useful to say. We may not agree with it, but they have the right to say it and we should want to hear it.

**Mr. Bone:** My hon. Friend is making a powerful speech. I was recently with a Youth Parliament member who acts for the Wellingborough constituency, and he did not mention that it wanted to have its annual meeting here. Is there a huge demand for this, or was it a whim of the Prime Minister's to get some publicity?

**Tim Loughton:** Whether it is a whim of the Prime Minister I do not know. What I do know is that the UK Youth Parliament has proposed that it should meet in this Chamber, having had a similar, and successful, outing in another place. Would we not look odd and regressive compared with the House of Lords if we denied them the opportunity in this elected Chamber that they have had in that unelected Chamber elsewhere in this place?

**Philip Davies:** My hon. Friend says, as others have, that these are just green Benches—that without the Speaker or the Mace it is just furniture. When he shows his constituents around this Chamber without the Speaker or the Mace in place, do they say, "Oh, it's just a lot of green Benches, isn't it? Just a bit of furniture"? Is it just my constituents who think that this is a fine institution, the traditions of which should be protected, or do his constituents think that too?

**Tim Loughton:** I think that my hon. Friend knows the answer to that question.

Parliament is not about the building, fixtures and fittings—it is about what we as elected Members choose to do in the name of our constituents in representing them in this place. That is the point. We should not get hung up on a building.

**Mr. Binley:** My concern does not rest necessarily with the Youth Parliament but with all the other people who may wish to come here thereafter. We have not heard from Government Front Benchers about what restrictions might be imposed on using this place. Does he agree that some such restriction is needed?

**Tim Loughton:** Of course there needs to be restriction. We are not opening up this Chamber for just anybody to come here—we are specifically debating one motion, the terms of which are to praise the functions of the UK Youth Parliament and to allow it one sitting here. As I said, the details need to be sorted out. As to whether it becomes a regular meeting in future, the House would have to debate that again. This does not give the UK Youth Parliament a blank cheque to turn up here whenever it likes. Clearly, in using this Chamber it must not inconvenience the normal workings of Parliament—of our going about our normal business of passing legislation here. It must not assume that the various symbols of this Parliament should be employed; that is why it is useful that the Minister has clarified that there will not be a mock Mace and so on.

In the debate the other day, some Members said, "Aren't we opening the floodgates—might not we have the Muslim Council of Britain, the National Pensioners Convention, or whatever, here?" My response was that any of the people in those organisations are entitled to stand in a general election for the privilege of representing constituents and placing their elected posteriors on these green Benches. The 11 to 17-year-olds in the UK Youth Parliament do not have that right at this stage. If we wanted to consider whether an assembly of Scouts should be able to sit here, we would need to have that debate. My own view is that that would not be appropriate. We are talking about a UK Youth Parliament elected along the same lines as those on which we are elected. It is open to all their peers to elect them in a democratic election. That is what is different, and that is why they, exceptionally, should be granted this privilege, initially as a pilot to see whether holding their sitting here would add to their cause of engaging more young people in the political process.

**Mr. Jeremy Browne** (Taunton) (LD): The hon. Gentleman refers to people being allowed to sit and debate in this Chamber if they are not eligible to stand at a general election. Does he think that if a group of prisoners were to put themselves forward as wanting to discuss matters of penal reform, they could gather in this Chamber and we would be encouraging a constructive debate on penal reform? After all, they would not be allowed to participate in an election, so would it be a constructive exercise?

**Tim Loughton:** No.

**Mr. Cheper:** If my hon. Friend is not in favour of prisoners debating here, how about the Commonwealth Parliamentary Association? People from other Commonwealth countries who cannot stand for election to this Parliament because they are not British citizens could come here to see the items of furniture and fittings that their own Parliaments contributed to this Parliament after the war in a sense of solidarity with democracy. Why not have the CPA or Commonwealth Speakers coming to have their meetings in this Parliament? It is not as simple as he seems to think.

**Tim Loughton:** The answer, again, is no. To anticipate any similar interventions, I would also be against lunatics or people subject to a section being able to sit in this place on the same basis.

The other day, I mentioned a comment made by a UK Youth Parliament member after the sitting in the Lords. I will quote it again, because it sums up what this is all about. Robert felt that the publicity generated from the House of Lords debates would be a great start. He said:

"This is fantastic press which we've never had before and it's so positive. This is the kind of thing the media really need to focus on."

It is the kind of thing that they clearly have not been getting from holding an assembly, meeting or convention of whatever form in Committee Room 14 upstairs. We must face the fact that there is a serious problem with the image and portrayal of young people, given that 71 per cent. of all stories about them in the media are negative, mostly to do with antisocial behaviour and crime. If we can do something to help to reverse that terrible trend towards the demonisation of young people, in which the Government have been culpable in many of the things they have done in recent years, that will be progress.

What are we scared of? Why do we apparently assume that Youth Parliament members will misbehave? Do we seriously think that they will leave gum under the seats and swing from the chandeliers, or that we will have to install jukeboxes and that there will be a major chav riot? Of course that is not going to happen. We are not going to have to install BMX bike ramps here, or revolving glitter balls on the ceiling. We can go about our normal business without having to move the furniture around, and it will be for one day only. It really is no big deal. The disengagement of young people in this country is a major problem. Allowing the Youth Parliament one sitting is not a panacea, but it would send a helpful and hopeful message.

**Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): I am grateful to my hon. Friend for giving way, and I apologise for arriving slightly late in his contribution.

My hon. Friend is making a powerful argument about recognising the progress that the UK Youth Parliament has made. I was at the memorial service on Friday for Andrew Rowe, the former Member for Faversham and Mid-Kent, who played something of a leading role in its formation. A young woman stood up to talk about how she had been involved in a gang on the streets of Maidstone and had taken part in shoplifting and various other forms of what we would regard as antisocial behaviour. She spoke about how she had been encouraged to participate in a local youth forum, with the prospect of its leading to her participating in the Youth Parliament, and the transformative effect that it had on her. The last meeting happened in the other place, but we must recognise that the aspiration of all the people involved in the UK Youth Parliament is that the project will develop and gain momentum. Giving it the opportunity to hold a meeting here is an entirely legitimate aspiration, and I support it.

**Tim Loughton:** I am grateful to my hon. Friend, and I am sorry that I was unable to make the memorial service of a late friend, but I heard about precisely that contribution. The UK Youth Parliament's achievements over the past 10 years have been important, although it is not perfect and it needs to achieve many more things, gain much more publicity and engage with more young people.

Similarly, there are youth mayors. I shall be hosting an event—before Members say that it will be in this Chamber, I add that it will be in Portcullis House on 29 April—to which we are inviting every elected youth mayor from around the country. It is to promote the idea of youth mayors, which is another good way of giving young people a voice and showing them that they can engage with people in authority to shape the way in which their world, their nation and their local community work.

By allowing the use of this Chamber, as a one-off opportunity on a non-sitting day—it will not deprive any Member of the opportunity to park their posterior on these privileged green Benches—we will say to the UK Youth Parliament and to young people in the country at large that their voice is important, too. We will be saying that their views count, and that it is worth our taking a risk and sticking our neck out to invite them to hold their deliberations here. We might find that their contributions are shorter, but just as good or occasionally better, than some that we hear from elected Members. It would be a special occasion and a pilot.

Too often, young people say that politics, Parliament and the ivory tower that is the House of Commons are not for them. They believe that they are populated by people in dark suits who do not understand or engage, and they say, "They *are* not for us." What better way to send a message that they are wrong, that we do value their voice and views and that we want to hear from them than by allowing them to have their deliberations in that citadel of privilege, that ivory tower? It is a risk worth taking, subject to the many details that needed to be ironed out.

The debate that we appear to be having about procedural detail will give rise to accusations that we can, at times, be out of touch with people in the community in general, and particularly with young people. We continue to go down that trail at our peril if we want to improve the engagement of young people in politics and improve on the appalling statistic from the last general election that the percentage of 18 to 24-year-olds who bothered to turn out and vote was 39 per cent., or barely one in three. That is the biggest challenge that faces us all. For goodness' sake, let us take a step in the right direction and say, "Come here. We want to hear what you say, so let's give it a go."

7.45 pm

**Philip Davies** (Shipley) (Con): It is a pleasure to follow my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton), even though I do not agree with many of the points he made. I commend my hon. Friend the Member for Christchurch (Mr. Chope), who made an excellent speech and highlighted the many problems that could arise from the motion.

This is not a debate about the merits of the Youth Parliament and whether it is a good thing or a bad thing. I am proud of the fact that I spend as much time as I can trying to engage with members of the Youth Parliament in my constituency. When they are elected, I always contact them straight away to congratulate them and make it clear that I am happy to meet them and discuss any issue. I recently attended a debate of the Youth Parliament in the chamber of Bradford council, and what a fine debate it was. Some excellent speeches were made, and the debate was of an extremely high calibre. The idea that anybody who is opposed to the Youth Parliament sitting in this Chamber must therefore be opposed to the Youth Parliament is completely wrong, and it is not particularly generous of people to say that. I have a great deal of admiration for young people who make every effort to stand in an election and want to make a difference in their local community. I am full of admiration for them, but that makes no difference to the debate.

**Pete Wishart:** The hon. Gentleman has emerged as the youth wing of the Conservative neanderthals who are opposing the motion. What does he believe that young people think about this debate? Does he believe that it shows us in the best possible light when we are trying to engage young people in voting for us to come this House?

**Philip Davies:** The great thing about this is that we are having a debate. One of the most shameful episodes in this case has been the fact that, day in and day out, the Government have tried to sneak the motion on to the Order Paper and get it through without any debate whatever taking place. What message does the hon. Gentleman believe that sends to the Youth Parliament? It shows this House in a better light when we debate and air things. That is surely the best example that we can send the Youth Parliament, rather than trying to sneak things through at the end of a quiet night and hope that nobody notices what is going on.

**Mr. Bone:** I am grateful to my hon. Friend for being so generous in giving way. Is not the problem with the Government's attempts to sneak the motion through the fact that this Executive are used to getting things through without proper debate? We need only look at the Northern Ireland Bill, which they forced through in one day. The advantage of this business is that we have some say in it.

**Philip Davies:** My hon. Friend is absolutely right. If we are trying to set a good example to the Youth Parliament, which of course we should, because we want to inspire younger people to get involved in politics, perhaps we ought to examine some of the processes of this House and how the Government curtail debate and all too often prevent it from taking place. I will certainly not take any lectures from the Deputy Leader of the House about the importance of encouraging younger people to take part in the parliamentary process, given that it is this Government who have done most to undermine that process.

**Bob Spink:** Does the hon. Gentleman accept that it is possible that, rather than us setting a good example to the Youth Parliament, the Youth Parliament may well set this House a good example if it is given the opportunity?

**Philip Davies:** It may well set this House a good example in many respects, but that does not mean that it should sit in this Chamber. I shall come in a few moments to some of the reasons why I do not believe that it should do so.

I always tell young people that when a politician is given a problem to solve, their solution will incorporate two ingredients. The first is that they have to be seen to be doing something—it is the bane of politicians' lives. I long for the day when a Minister says, "Actually, that's got nothing to do with us." That will never happen, because they never underestimate their power. The second ingredient is that the proposals must not offend anybody. A politician who can find a solution that incorporates the two ingredients of being seen to do something and not offending anybody will dash for it with alacrity. That appears to be the current position: the Prime Minister has got himself into a muddle by making a promise that he found harder to fulfil than perhaps he thought. Wanting to seem trendy and cool to young people, his solution to the problem of his unpopularity with everybody, including young people, is to look as if he is doing something that will not offend anybody: letting the Youth Parliament sit in the House of Commons Chamber. That is typical politician-talk and the sort of thing that brings the House into disrepute.

**Anne Moffat** (East Lothian) (Lab): The hon. Gentleman makes much of the Prime Minister's position. What does the Leader of the Opposition think about the matter?

**Philip Davies:** The Leader of the Opposition is more than capable of speaking for himself. He does not need me to speak for him; I am not sure that he would ever ask me to speak for him. I can tell the hon. Lady what I think, which is probably the safest position for me to adopt. When she meets my right hon. Friend the Member for Witney (Mr. Cameron) in the corridor, she can ask for his views—I am sure that he would be more than happy to tell her. Perhaps my right hon. Friend does not agree with me, but that would not be the first time and I suspect that it will not be the last. The hon. Lady's point does not, therefore, make a great deal of difference.

**Mr. Chope:** Does my hon. Friend know whether the Prime Minister has invited the UK Youth Parliament to sit around the Cabinet table?

**Philip Davies:** I do not know, but I am sure that it is only a matter of time.

The onus is on the Government and hon. Members who believe that the Youth Parliament should sit here to make their case. The case for change needs to be made; the case for no change does not. I am pleased that my hon. Friend the Member for Aldershot (Mr. Howarth) is in his place, because I remember his

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fine speech in the debate on House of Lords reform. He said that, for a Conservative, if it was not necessary to change, it was necessary not to change. That has stuck with me and is an especially good point. It is one thing that makes us Conservatives.

My hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb) made a point about somebody who had been transformed by sitting in the UK Youth Parliament. I am sure that it is an inspiring story and that we want to encourage such transformation, but it happened without the person sitting in the House of Commons Chamber. That person's life was transformed without a Youth Parliament debate taking place in the House. People do not need to sit in here for their lives to be transformed through the UK Youth Parliament.

**Mr. Brady:** My hon. Friend is being slightly unfair to some colleagues who have already spoken. He claims that the case for change has not made, but several hon. Members have presented such a case. However, they have not adequately differentiated the one organisation and the one instance from any others. Would those who say that the Chamber is just another room and that the Benches are just furniture make it available to any worthwhile organisation?

**Philip Davies:** My hon. Friend is right—I should have said that no persuasive case had been made for change. He is also right about the precedent that could be set, and I hope to deal with that shortly.

The best case that those in favour make appears to be that we should allow the UK Youth Parliament in here because its members will not trash the place or leave bubble gum under the seats. Nobody has suggested that they would do that. That is not a persuasive case. Let us hope that they do not trash the place; I am sure that they will not, but surely the case should be slightly stronger.

I accept the point of my hon. Friend the Member for Christchurch about being patronising. We have heard much about the low turnout among young people at general elections. Those in favour of the Youth Parliament's sitting in the House of Commons Chamber appear to suggest that, if we let it do so, all of a sudden, that turnout will go through the roof and be sky high. That is simplistic nonsense. Will the Deputy Leader of the House tell us the measure of his success? If the Youth Parliament is allowed to sit in the Chamber for this year only, will he estimate the turnout among young people at the next general election, so that we can judge whether the event has been a great triumph in inspiring younger people to vote?

Younger people do not vote at general elections because we do not inspire them to do that. The onus is on us. Pretending that we can carry on as we have always done and trot out the same meaningless stuff that will not offend anybody, or go around saying nothing and hoping that nobody notices, while claiming that allowing the Youth Parliament to sit in this Chamber for one day means that, all of a sudden, the turnout at general elections will go through the roof, is ludicrous. Surely nobody believes that allowing the Youth Parliament to sit here for one day will make a massive difference to turnout at a UK general election.

Young people do not want to vote because they never hear arguments about ideas and politics. I was brought up in the 1980s, when there was a clear difference between the political parties and we could have a battle of ideas. Young people are inspired by that, not the meaningless drivel that people trot out because they are so scared of offending anybody. If we want to inspire young people, let us have a battle of ideas and try to inspire them to get involved in Parliament.

The question that has not been tackled—I do not understand how it can—is: why only the Youth Parliament? Why only for one year? Surely if it is a good thing for the Youth Parliament to sit here, it is good for it to sit here every year.

**Mr. Bone:** My hon. Friend is making his usual powerful case. Does he agree that one problem with allowing the Youth Parliament to sit here is that, under European Union law, we would discriminate against other organisations if we did not allow them to sit here?

**Philip Davies:** I know that my hon. Friend shares my enthusiasm for the European Union. He may well be right. In my brief time in politics, I have learned never to be surprised by anything. It would not therefore surprise me if the European Union, which does barmy things day in, day out, interfered in the Chamber. It already decides 80 per cent. of our laws, so it may well want to decide who can sit in the Chamber.

What is so special about the UK Youth Parliament? I am the first to acknowledge that it does good work, that I greatly admire those who stand for election to it and that we want to inspire them to get involved in politics in the long run, but there are other bodies that also get involved in local politics and the political process, which I greatly admire. I recently attended a meeting in Shipley of people who hoped to establish a learning disability parliament. I wish them every success. I hope that it brings greater focus on the issues that affect those people. If such a parliament is established, should its members be able to use the Chamber? If not, why not? Why would that be a worse organisation than the UK Youth Parliament? What is the difference? Why would we want to discriminate against a learning disability parliament?

The National Pensioners Convention has been mentioned. It does a great job in highlighting issues that affect pensioners. Many pensioners in my constituency would argue that we do not pay enough attention to the problems that they face. In particular, many on a fixed income are trying to manage when savings are decreasing and they are struggling to get by. Would we allow the National Pensioners Convention to meet here? If not, why not? Why does it constitute a worse case than the UK Youth Parliament?

We were told earlier that there is a big problem with turnout among young people at elections, that the role of the Youth Parliament is underestimated and that the proposal would give it useful publicity. I can tell hon. Members that there is very little recognition of what my local parish council does. It does a great job. There are people on the council who volunteer their time, putting many hours for the benefit of the local community. The council could certainly do with some useful publicity to raise its profile. Why can my parish council not have its annual meeting in the House of Commons Chamber, if

that would give it some useful publicity and highlight the good work that it does? There is a never-ending list of useful organisations that do marvellous things in the local community.

**Mr. Leigh:** To be fair to the proponents of the proposal, they argue that the Youth Parliament is quite different because those involved cannot vote in a normal election. However, nobody remains 17 for ever. Why should that group, whose disability will vanish, be allowed to sit here, whereas those other people will never be allowed to sit here? I do not see the logic of that.

**Philip Davies:** My hon. Friend is entirely right.

We want to encourage members of the Youth Parliament to come to sit in this House. I was immensely honoured when I was elected to this House. I had a feeling of immense pride. I cannot even explain to people how much pride I felt at being elected to represent my constituents in Parliament. It is the finest thing that could happen to anybody. Surely we should encourage younger people to aspire to that. We do not want them to think, "Well, I've already sat and had a debate in there. I'm not really bothered about standing for Parliament any more—I've already done that."

Those hon. Members who think that that might not happen have already conceded that it could by saying that the reason the Youth Parliament cannot sit in Committee Room 14 or the House of Lords is that it has already done so. If the Youth Parliament is allowed to have its day in the House of Commons Chamber, why would it not think, "We've already done that and we don't want to do it again—we're not interested anymore"? If that is the argument for why neither Committee Room 14 nor the House of Lords can used, surely we will put people off standing for Parliament.

**Mr. Gerald Howarth** (Aldershot) (Con): I am grateful to my hon. Friend for giving way and for his kind remarks earlier. He is making a formidable case and I entirely support him. However, surely the fundamental issue is that this Chamber is not a toy. The idea behind the move is a cheap gimmick to try to court the vote of the youth. As he has made clear, however, it is likely to have no such effect whatever. Furthermore, is there not an ancient tradition in this place that when visitors come here, the Doorkeepers and others are religious in insisting that no visitor shall sit on one of these Benches unless he has fought a parliamentary election and won? That is the qualification of being in this Chamber and sitting on these Benches; there is no other.

**Philip Davies:** As ever, my hon. Friend is entirely right. I absolutely agree with him. He is a great defender of Parliament as an institution. I just wish that all other hon. Members were such stalwart defenders of this institution.

**Mr. Chope:** Following the excellent point made by our hon. Friend the Member for Aldershot (Mr. Howarth), has my hon. Friend considered the implications of the arguments that might be deployed by, for example, Sinn Fein MPs who have not accepted the Oath and who currently cannot sit on these green Benches? If we accepted the motion this evening, we would be allowing people from the UK Youth Parliament to exercise a privilege that we do not give to those who have been elected under the Sinn Fein banner.

**Philip Davies:** My hon. Friend is absolutely right. The point is that the motion sets such a precedent that nobody knows where on earth it would end up. The idea that says, "Well, it's a very specific motion—it's only for one year, it's just for the UK Youth Parliament and that's that," is incredibly naive. Whenever anybody wants to use the Chamber, this motion will be used as a precedent to say, "The UK Youth Parliament was allowed in here, so why not us?" The case will be irresistible and everyone will have to acknowledge the logic of the argument. Either people are allowed to use this Chamber or they are not. We cannot say that some people are allowed and some people are not.

**Mr. Bone:** On the point that my hon. Friend the Member for Christchurch (Mr. Chope) made about Members of this House not being allowed to sit in this Chamber unless they have taken the Loyal Oath to Her Majesty, does my hon. Friend envisage members of the Youth Parliament having to take the Loyal Oath before attending?

**Philip Davies:** I cannot answer my hon. Friend's question, but it shows that the Deputy Leader of the House has an awful lot of ground to cover in answering the many legitimate questions being posed. Indeed, there seem to be more questions as time goes on.

**Pete Wishart:** Because of the repairs required for the House, it is quite likely that we will have to decant in the next few years, possibly to the Queen Elizabeth building across the road. Would the hon. Gentleman be as vigorously opposed to the Youth Parliament sitting there as he is to the motion this evening? Is the issue about Parliament or about this Chamber?

**Philip Davies:** The issue is the Chamber. The Youth Parliament should not be allowed to use the Chamber in which the debates take place. My hon. Friend the Member for Christchurch has made it clear that that argument is not about preventing the Youth Parliament from having its annual meeting in Parliament. I am certainly very happy for the Youth Parliament to have its annual meeting in Parliament. I am happy to play my part by having a discussion with the Youth Parliament about politics, and by even showing people round and trying to inspire them to get involved in politics. However, that can quite easily be done by using Committee Room 14, Westminster Hall, or anywhere else for that matter. The point is about using the Chamber.

**Mr. Chope:** Is my hon. Friend aware that when I gave the Deputy Leader of the House the impression earlier that there would be a free vote among Back and Front-Bench Conservative Members, I was not giving the whole picture? Does my hon. Friend understand that Conservative Front Benchers are not being given a free vote in tonight's proceedings?

**Philip Davies:** I am grateful to my hon. Friend for giving that clarification. As he well knows, I cannot speak for the Conservative Front Bench as a whole, let alone the leader of the party. Again, we must leave it to others to explain the position of those on the Conservative Front Bench. All I can do is humbly set out my view. As I do not sit on the Front Bench—nor will I ever—it is probably best if I stick to what I think, rather than

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predicting what the Front-Bench position is. However, I am sure that everybody will have heard what my hon. Friend said.

Apart from the fact that the Youth Parliament will not trash the place, the whole point of the argument is that the move will inspire young people to get involved in the political process. That appears to be the main thrust of the argument. To elaborate on a point that I made in an earlier intervention, surely the fact that those involved are already part of the UK Youth Parliament means that they have already been inspired to get involved in politics and want to help in their local communities. Having the UK Youth Parliament sit here will therefore make absolutely no difference to inspiring those young people to get involved in politics. They are already involved.

**Kerry McCarthy:** That point was made earlier—I think by the hon. Member for Christchurch (Mr. Chope), although it might have been made by the hon. Gentleman in an intervention—but are Opposition Members not aware that the UK Youth Parliament is a movement that involves a far greater number of people than those who are elected to it? People in schools across the country take part in the elections. There are Facebook groups and there are people on Twitter—indeed, I have been sending them messages about what has been happening in the debate over the past week and about how certain Opposition Members are opposing the motion. We are not talking about just the people who would be in the Chamber; a much wider audience of young people would be watching and are aware of what is going on.

**Philip Davies:** I am sure that there are many people who read the hon. Lady's Twitter, and I am sure that she would also encourage them to read the debate in *Hansard*.

**Kerry McCarthy:** I will.

**Philip Davies:** I very much hope that the hon. Lady will indeed do that. However, if we are trying to inspire younger people who are not currently involved in the political process to get involved and if we want to use the House of Commons Chamber to do that, surely the people to allow the use of this Chamber are not the members of the UK Youth Parliament. They are already involved. Surely if we want to inspire those who are not already involved in politics to get involved in the political process, we should opening up the Chamber to them and letting them in. Perhaps we could do a trawl of all our marked registers after an election, find all the people who did not vote in the election and invite them to spend a day debating in the Chamber in order to inspire them to get involved in the political process.

**Michael Connarty** (Linlithgow and East Falkirk) (Lab): As my hon. Friend the Member for Bristol, East (Kerry McCarthy) would tell the hon. Gentleman, most young people know the difference between twitter and twaddle. When they look at some of the contributions to this debate, they will well understand that it is mainly twaddle that we are listening to now. When people are trying to get engaged in politics—whether it be a woman, a person from a poor background who wants to break through the barrier or someone from a minority ethnic community—is it not important for us to show them some recognition, respect and encouragement? Is it not possible to let people come in here and use our Chamber to show that we respect and recognise them and encourage them in their endeavours? That brings many in behind them, but to treat them with disdain—and I suggest that the hon. Gentleman has been treating them with disdain in his contribution—is, in fact, to insult them.

**Philip Davies:** I am very sorry that the hon. Gentleman feels that the only way he can encourage younger people to get involved in politics and the only way to involve people from ethnic minorities is to allow them to use the Chamber. That shows a distinct lack of imagination on his part if he cannot come up with anything better than that. I am afraid that he also showed the typical new Labour trait, which is to be totally intolerant of anybody who happens to have a different opinion. I am perfectly happy to respect the fact that he has a different opinion from me on this particular matter, just as I am happy to respect the fact that he probably has a different opinion from me on virtually every political matter. That is the whole point of democracy. What kind of an example does he think it sets young people when he shows such intolerance to anyone who happens to hold a different opinion? Surely he should respect other people's opinions, even if they happen to differ from his own. He is not setting a very good example to people in the UK Youth Parliament by throwing abuse at the other side of the Chamber just because somebody happens to disagree with his view. I am afraid that that is so typical of the intolerance and authoritarianism of this new Labour Government.

**Bob Spink:** The hon. Gentleman has shown in his earlier interventions and in his speech that he respects the members of the UK Youth Parliament and admires and greatly values what they are doing. He has rightly explained his views on that, but does he not accept that this is not about inspiring members of the Youth Parliament alone? It is about the main debating Chamber and the main Assembly of this country setting an example to the whole of society that the youth out there are our future. We should trust them and respect them. We should show people that we are prepared to give them these green Benches so they can have their say—and we should listen carefully to them.

**Philip Davies:** I hear the hon. Gentleman's point, but I do not understand why we cannot respect the views of young people and encourage them to get involved in the political process without allowing them to sit in the Chamber. I do not see why we are going to revolutionise the engagement of young people in politics simply by allowing one group of people in the UK Youth Parliament to use this Chamber for one day only. If he thinks that is going to make all the difference in the world, I think that he is misguided.

**Mr. Jeremy Browne:** Does the hon. Gentleman share my view that if the Government had allocated the amount of time that we are spending this evening in discussing this issue to debating issues such as our troops in Afghanistan and Iraq, global terrorism, climate change and youth unemployment, more young people would have been engaged than by our talking about this narrow issue?

**Madam Deputy Speaker (Sylvia Heal):** Order. The hon. Member's comments go wide of the motion and amendment that are currently before the House.

**Philip Davies:** In that case, I will resist the temptation to comment on the hon. Gentleman's intervention.

Another point raised in the debate was the fact that the UK Youth Parliament—as opposed to all the other groups that do such marvellous work in the community—was a special case because its members are not allowed to stand for election. Both my hon. Friends the Members for Christchurch and for Aldershot picked up on that point. I thought that the hon. Member for Taunton (Mr. Browne) made the point very well that there are many people who cannot stand for Parliament for particular reasons—prisoners and people with mental health problems, for example. *[Interruption.]* Yes, peers of the realm are another example, and I could mention the royal family. Are we going to allow all those groups who cannot stand for election to have their day in this Chamber? That seems to be the argument that was pursued—that the Youth Parliament was a special case, because its members could not stand for election. Prisoners cannot stand for election, so why not give them the opportunity to have a day of debate in this Chamber? That goes to show that another one of the arguments being used is completely spurious and does not stand up to any serious inspection.

I do not accept the widely touted view that this place is basically just a row of green furniture that means nothing to anyone without the Mace or the Speaker in place. On the many occasions I have shown people around the Chamber and into the Lobbies, I have found them to be absolutely in awe of this place. They think it is the most marvellous place to come and visit; they queue up to visit. The number of people who visit this place is enormous. They do not see it as just a row of green Benches when they come into the Chamber. They really feel they are entering somewhere special. They do not want to see it devalued in any way; they do not want other people to be able to sit here.

When we think about the common thread and why all the people who come to Parliament want to visit it, what they want to visit and see is our traditions. They certainly do not come in to listen to the debates that go on in this place. They come here to visit because they love to see the traditions, which mean something to them. They do not want to see our traditions in this place continually taken away from them and continually eroded. If we carry on eroding all our traditions in this place, this place will mean nothing. It will mean nothing to the people who come here. People will treat it with increasing contempt. They treat it with contempt at the moment, which is mainly based on the things people say in this place and the lack of respect they have. If we keep eroding the traditions of this House, we will further erode people's confidence and we will increase the contempt they have for this place. We must guard against that at every possible opportunity.

**Mr. Chope:** My hon. Friend is speaking in terms not dissimilar from those that our hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) might employ. That reminds me that he particularly asked me to point out that he is unable to participate in this debate because he is working on Select Committee business on Northern Ireland.

**Philip Davies:** I am grateful for that intervention. As my hon. Friend knows, our hon. Friend the Member for South Staffordshire is a great defender of Parliament as an institution—and Parliament as an institution is worth defending. It is under assault like at no time ever before, so we should not help in the process of treating Parliament with contempt. Rather, we should stand firm and hold up the traditions that people think are very important. When visitors enter Parliament on their visits, they are not allowed to sit on the green Benches. People may argue whether that is right or wrong, but it seems to me that most people I speak to, even those who are in favour of this motion, believe that that should stand and that people should not be able to sit on the green Benches when they come to visit.

How can we stop visitors sitting on the green Benches once we have opened them up to the Youth Parliament? Why are members of the Youth Parliament so special compared with everyone else in the country? Why cannot other people have their moment of sitting on the green Benches if that is what they want to do? It is perfectly clear that we are setting a precedent, which will mean that all sorts of groups and individuals will be allowed to sit on these green Benches. People may agree or disagree with that, but let us at least be open about the implications.

**Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): Does the hon. Gentleman agree that this Parliament is seen across the world, and especially in the Commonwealth, as the mother of all Parliaments? If he does, he would recognise that this, the mother of all Parliaments, should be used as an example. We should follow the example of some of our friends in Commonwealth countries, who are already beginning to let their Parliaments be used by their youth representatives and youth Parliaments. If they can do it, why cannot we, if they are following our example?

**Philip Davies:** I do not entirely follow the hon. Lady's argument. If we are the mother of all Parliaments—a proposition with which I agree—surely the onus is on other Parliaments to copy what we are doing, rather than its being on the mother of all Parliaments to copy what everyone else is doing. I accept the hon. Lady's premise, but not the logic of her subsequent argument.

**Mr. Bone:** I am grateful to my hon. Friend for giving way yet again. Is not one of the problems the way in which the Government have timetabled the motion today, and the way in which it appears on the Order Paper? Members will not necessarily know that this debate is in progress, because they may not know that the earlier business collapsed. Would it not have been better had the Government given plenty of notice and tabled a proper motion, so that Members could have been present to debate this important issue?

**Philip Davies:** I agree, and I feel that this has set an appalling example to the UK Youth Parliament. The Government have tried, day in day out, to sneak the motion through at the end of the day's business, hoping that no one would notice it on the Order Paper and it would not be laid open to scrutiny. What example does that give to the UK Youth Parliament? It is hardly a fine example, if those young people are led to believe that the Government try to sneak things through without a proper debate.

**Bob Spink:** The hon. Gentleman spoke of the public's holding this place, and politicians, in contempt. Does he not feel that his arguments make us appear arrogant, defensive, elitist, restrictive and just a little too precious—a little too full of ourselves, looking for special privileges and special treatment? Does he not accept that that is what breeds the contempt, and that a little understanding, trust, decency and belief in young people might help to destroy the contempt and build trust in the people?

**Philip Davies:** The hon. Gentleman may well have a point. He may well be right. I respect that view if it is the view that he has taken, and it may well be the view that other people have taken. However, I do not personally believe that opening the Chamber to the UK Youth Parliament will transform the public's view of politicians. I do not believe that not allowing the UK Youth Parliament, or anyone else for that matter, to use these Benches is what has undermined confidence in Members of Parliament. I think that it is we, as Members of Parliament generally, who have undermined confidence in ourselves. We must also bear in mind that other people were not allowed to use these Benches in the 1980s and 1990s, when turnouts in elections were far higher. Given that that did not stop people from turning out in huge numbers in the past, I do not see why it should make any difference now.

**Chris Bryant:** I entirely respect the hon. Gentleman's views. He expressed concern earlier about whether Labour Members who disagreed with him respected his views, and of course we do, but he is relying on an argument relating to tradition in the House. I wonder whether he could tell us when he believes that the tradition of only Members being allowed to sit in this Chamber began. It certainly did not obtain in the Chamber that was used previously, so it may have existed only since the second world war.

**Philip Davies:** That is a good enough tradition as far as I am concerned. The point that I am making, however, is that the argument that allowing the members of the UK Youth Parliament to sit in the Chamber will transform their view of Members of Parliament, the public's view of Members of Parliament and the view of Parliament held by young people generally is nonsense. Anyone who thinks that allowing the UK Youth Parliament to sit in the Chamber will transform the way in which we are perceived is either naive or disingenuous, because in fact it will make no difference whatsoever.

I challenge all who are in favour of this proposal to define the measure of its success. Let us hear whether a huge increase in political activity on the part of young people will result from this gesture—for a gesture is what it is. Let us hear whether it will bring about a transformation in the extent of political involvement among young people and in turnout at elections. Given that the Government are so fond of targets, let us know the target for this initiative. Let us know the likely turnout. Then we will be able to judge whether it has been a success. I can virtually guarantee that it will not make a blind bit of difference to the turnout at the next election, but let us put the argument on the table so that we can make a judgment.

**Mrs. Hodgson:** If we do not allow young people to sit here and take part in a debate for a single day, what does that say about us? It is not a question of what it says about us if we do allow it; I am more concerned about what it says about us if we do not. Earlier, the hon. Gentleman mentioned contempt. I think that he has shown contempt for the UK Youth Parliament by suggesting that its members are no better than criminals or people in lunatic asylums.

**Philip Davies:** The hon. Lady's argument suggests that she is becoming confused. As she knows, no one has compared the UK Youth Parliament to criminals and lunatics. If that is the level of debate at which we have arrived, perhaps we ought to replace the people in this place with the members of the UK Youth Parliament. I have no doubt about one thing: if the UK Youth Parliament does sit here, the calibre of its debate will be far higher.

For the benefit of the hon. Lady, who may not have been present when the argument was being advanced, it was suggested that the reason the UK Youth Parliament was a one-off exception was that, given that its members were aged between 11 and 17, they did not have an opportunity to stand for Parliament, and should therefore be granted the special privilege of sitting in this Chamber. My point, and the point made by the hon. Member for Taunton, was that although there are other categories of people who cannot stand for election, no one has suggested that they should be able to hold a debate here.

I have met local members of the UK Youth Parliament on a number of occasions. As I said earlier, I attended a debate in the Bradford council chamber, and a fine debate it was. No one badgered me about this. No one said "The one thing that we really want to do is sit in the House of Commons Chamber." That idea was not floated. It appears to be an idea that the Prime Minister came up with, and now we are trying to dig the Prime Minister out of a hole that he got himself into totally unnecessarily. If the idea had never been raised, no member of the UK Youth Parliament would ever have mentioned it.

**Mr. Heath:** The hon. Gentleman has said several times how much he respects the calibre of the Youth Parliament and the quality of its debate. He has also applauded the speech made by his hon. Friend the Member for Christchurch (Mr. Chope). At the beginning of his speech, the hon. Member for Christchurch was very disparaging about the Youth Parliament, very disparaging about west country traditions, and very disparaging about the hon. Member for Exeter (Mr. Bradshaw). Only one of those statements is valid. Can he guess which one?

**Philip Davies:** I agree with the thrust of what was said by my hon. Friend the Member for Christchurch, and I commend his speech. I often commend the speeches of the hon. Member for Somerton and Frome (Mr. Heath), but that does not mean that I agree with everything that he says. In fact, I seldom agree with what he says, but I always commend the quality of his speeches, even if the content sometimes leaves a great deal to be desired.

This is a very important matter. Some people seem to consider it a trifling matter involving a row of green benches which are just furniture, but I do not take that view. I was immensely proud to be elected to this House. The proudest moment of my life, which will always remain the proudest moment of my life, was when I was

enabled to represent my constituents, have the privilege of sitting in this Chamber and have a platform on which to air my views—even if occasionally Labour Members, and even some on my own side, do not always agree with them. That is an enormous privilege to which I would want every young person in this country to aspire, and I will make it my business to try to inspire every young person in my constituency to get involved in the political process.

**Tim Loughton:** My hon. Friend said earlier that there is a danger that if we allowed members of the UK Youth Parliament to sit in this Chamber the novelty might wear off and they would want to sit somewhere even bigger in future. Has the novelty worn off for my hon. Friend? Has his enthusiasm for this Chamber in any way been diminished by the fact that he has now become a Member of Parliament, and if not, why does he think that the ardour of these young people would be diminished if they were to have the opportunity to sit here once?

**Philip Davies:** Perhaps it is so special to me and my enthusiasm has not diminished because I had to wait so long to become a Member. This argument has already been advanced, and not by me; it has been said that neither Committee Room 14 nor the House of Lords would be good enough because the UK Youth Parliament had already sat in them. The logic of that argument is that if they were to sit in the House of Commons Chamber, they would not want to do so again.

There are far better ways to inspire young people to get involved in politics. I speak in debates and argue about political ideas at my local schools. I take every opportunity to visit schools and have debates with students and encourage them to enter the battle of political ideas. I encourage all of them to get involved at the local level in whichever political party suits best their viewpoint, and to try to do something and to make a difference. I am therefore not going to take any lectures from other people about trying to encourage younger people to get involved in the political process. I am as passionate about that as anybody. This is the most simplistic idea to try to get people involved in the political process, however. If the length and breadth of our imagination about how to get younger people involved in the political process is to allow them to sit in this Chamber, we have an awful long way to go before we really engage with young people and inspire them to get involved in politics.

The following questions remain: why just the UK Youth Parliament, and why just this year? My hon. Friend the Member for Christchurch made this point particularly well. What is so special about this year's cohort of the UK Youth Parliament? I am sure that they are all fine, upstanding people whom we should be encouraging, but why are they more fine and upstanding than next year's cohort, or the following year's cohort? Why will this inspire this year's members to get involved in politics, but not next year's members?

**Mr. Binley:** Does my hon. Friend agree that this proposal might just have been made because this year might be an election year, and that Members on the Government Benches might think there is electoral advantage in it?

**Philip Davies:** My hon. Friend may well be right. Given the cynical view that members of the public have of politicians generally across the political divide, I would not be surprised if many members of the UK Youth Parliament thought that that might be a motivation. I would like to think that it was not, but I would never like to rule out any such motivation, as it may well be the case.

This step will not make any difference to the number of younger people turning out in elections and getting involved in the political process. This is a gesture—it is gesture politics of the worst kind. It is patronising young people to think that if we do this, we can make ourselves look trendy and cool, and we can show we are in touch with the youth in our area because we voted for the UK Youth Parliament to sit in the House of Commons Chamber. If this Parliament really has reached such a level that that is the only argument we can advance, it is very sad indeed. I would have hoped for better than that from this House, but it appears that these are the depths to which we have sunk.

The Deputy Leader of the House must answer this question: why just this year's UK Youth Parliament? What is so special about this year? Why do we not want to encourage future years of the Youth Parliament through their using this Chamber, too? Why, also, did we not want to use it in previous years? The suggestion of my hon. Friend the Member for Northampton, South (Mr. Binley) about the motivation might well be right, or he may well be wrong, but the question must be answered at least.

I fear that this motion is nothing to do with one year only. It might say that it is for this year only and for the UK Youth Parliament only, but how many Members really think that is going to be the end of the matter? This sets a precedent. When other organisations and bodies argue that they should have the right to sit in this Chamber because the UK Youth Parliament did so, who will stand up to their constituents and say, "Oh no, you can't, because the UK Youth Parliament is more special than you are. It is far more deserving than you are"? Which of us is going to stand up and say that to their constituents when they ask to use the House of Commons Chamber? Who will say that to their women's institute, Mothers Union or parish council? Nobody is going to say it. The logic of the argument is unanswerable—*[Interruption.]* I can give way to my hon. Friend the Member for East Worthing and Shoreham so that he can explain how he will tell those people that. No, he has not yet decided what words he would use.

**Mr. Bone:** My hon. Friend is being extremely generous in giving way so many times. Why would the Women's institute, which single-handedly took on the previous Prime Minister, not have the right to sit here if we let the Youth Parliament do so?

**Philip Davies:** As always, my hon. Friend makes a good point. The case for allowing other organisations—and the UK Youth Parliament in subsequent years—to use this Chamber would be unanswerable if we allowed this motion to go through tonight. We could never claim again that only Members of Parliament can sit on these Benches and that only Members of Parliament can use this Chamber for debate. That argument would be gone at a stroke. We would never be able to recover it.

*[Philip Davies]*

Some people think that we should open up the Chamber to other organisations in the future and to the UK Youth Parliament in subsequent years—the hon. Member for Somerton and Frome seems to be one of them. That is fine. I respect that position. It is a perfectly honourable position, but let us have it out in the open. Let everyone put their cards on the table and let us all know what we are entering into. We are setting a precedent that will be repeated year in, year out for all kinds of organisations. At least some Members of this House will have the courage and honesty to say for what they are voting.

What I do not like is the way in which this motion has been dealt with. To start with, it was tabled for consideration at the end of every day, as attempts were made to sneak it through without debate. Now a debate has been forced, we have a pretence that the event will be a one-off. Anybody who believes that is living in cloud cuckoo land. This will happen year after year.

**Mr. Chope:** Will my hon. Friend express his view on why he thinks that the motion is whipped business for some Front Benchers?

**Philip Davies:** My hon. Friend keeps tempting me down the line of speculating about why those on our Front Bench have taken the stance that they have. I am sure that my party has good reason for taking the stance that it has—it tends always to have good reason for its decisions. I might not always agree with those decisions, but it always has a good reason for them. People in this House have to vote as they feel and that is a matter for them. I am merely explaining how I feel.

**Mr. Bone:** I have to take issue with some of those statements. Every vote in this House is a free vote. I have certainly received no instructions from my party on how to vote and I think that we are on a one-line Whip. I am not sure that there is a party view on this—we have heard different arguments across the political divide.

**Philip Davies:** I am sure that my hon. Friend will be delighted to see our deputy Chief Whip in the Chamber to hear him say that every vote is a free vote. I am sure that that will not have gone unnoticed. Perhaps the Whips have given up on him in the way that they might well have given up on me. I am not entirely sure.

I am sure that my party has good reasons for the way in which it asks its members to vote tonight. I am merely setting out what I think as well as the fact that I will not support the motion. For me, it is irrelevant what my party decides that it thinks is the right thing to do. In this House, we all have to do what we think is in the best interests of the country, of our constituents and of our party. The issue is much more important than has been given credence by many people.

**Bob Spink:** I just want to clarify something that was said a moment ago. In fact, there are not shades of opinion on both sides of the House. We have heard no negative opinion of the Government motion from the Labour Benches. In fact, every Labour Member who has spoken and intervened has been in favour of the Government motion.

**Philip Davies:** The hon. Gentleman appears to be speculating that every Labour MP will support the Government. I do not know whether they will or not; that is a matter for them. Of course, the hon. Gentleman has the great advantage of being the only member of his party in this House, thus avoiding a split.

**Bob Spink:** In fact, I am not a member of any political party; I am a totally independent MP and therefore I speak and work for the people.

**Madam Deputy Speaker:** Order. We really are going wide of the motion before the House.

**Philip Davies:** I apologise, Madam Deputy Speaker, if I was encouraging us to get off the beaten track. I was merely pointing out that there may well be views in all parties about this issue, but obviously, the UK Independence party does not have that disadvantage.

I hope that the Deputy Leader of the House will answer the questions of why the UK Youth Parliament, and why just for this year. Will it set a precedent? What guarantees will he give that no other organisation will be allowed to use the Chamber? What promises can he give? What does he advise me to tell the members of other organisations in my constituency, who will see this and want to use the House of Commons Chamber? What arguments should I advance to tell them that it is not suitable for them, but it is for the UK Youth Parliament? I want to hear all these answers from him, because all those questions need answering. *[Interruption.]* Perhaps the view of the hon. Member for Castle Point (Bob Spink) about the Labour party's voting has inspired the Chief Whip, the right hon. Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), to come and make sure that everybody votes the way that he wants them to; I am not entirely sure.

**Mr. Bone:** Does my hon. Friend agree that many Members have sat through two debates waiting to speak and have important points to make? Would it not be a disgrace to democracy and to the Youth Parliament if a closure motion were moved?

**Philip Davies:** I have a great deal of sympathy with what my hon. Friend says. He will know that I am trying to curtail my remarks, in order not to prevent other people from speaking in this—

**The Parliamentary Secretary to the Treasury (Mr. Nicholas Brown)** *claimed to move the closure (Standing Order No. 36).*

*Question put forthwith,* That the Question be now put.

*The House divided:* Ayes 210, Noes 22.

**Division No. 71]** **[8.42 pm**

**AYES**

| | |
|---|---|
| Alexander, Danny | Barron, rh Mr. Kevin |
| Anderson, Mr. David | Battle, rh John |
| Anderson, Janet | Begg, Miss Anne |
| Atkins, Charlotte | Beith, rh Sir Alan |
| Bailey, Mr. Adrian | Bell, Sir Stuart |
| Balls, rh Ed | Benyon, Mr. Richard |
| Banks, Gordon | Bercow, John |
| Barlow, Ms Celia | Berry, Roger |

Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Boswell, Mr. Tim
Bottomley, Peter
Bradshaw, Mr. Ben
Brooke, Annette
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Caton, Mr. Martin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crabb, Mr. Stephen
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Fabricant, Michael
Farrelly, Paul
Featherstone, Lynne
Flynn, Paul
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Heppell, Mr. John
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Iddon, Dr. Brian
Iranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Joyce, Mr. Eric
Keeley, Barbara
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Lamb, Norman
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Levitt, Tom
Lewis, Mr. Ivan
Lidington, Mr. David
Lloyd, Tony
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mann, John
McCarthy, Kerry
McDonnell, John
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McKechin, Ann
McLoughlin, rh Mr. Patrick
Merron, Gillian
Michael, rh Alun
Milton, Anne
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie
Mulholland, Greg
Mullin, Mr. Chris
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Norris, Dan
Owen, Albert
Pearson, Ian
Pelling, Mr. Andrew
Penrose, John
Plaskitt, Mr. James
Prescott, rh Mr. John
Prosser, Gwyn
Pugh, Dr. John
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Rennie, Willie
Robathan, Mr. Andrew
Rogerson, Dan
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Skinner, Mr. Dennis
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spring, Mr. Richard
Starkey, Dr. Phyllis
Streeter, Mr. Gary
Stunell, Andrew
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Twigg, Derek
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Vaz, rh Keith
Walley, Joan
Walter, Mr. Robert
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Williams, Mrs. Betty
Williams, Mr. Roger
Williams, Stephen
Wilson, Phil
Winnick, Mr. David
Wishart, Pete
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Yeo, Mr. Tim
Young, rh Sir George

**Tellers for the Ayes:**
**Helen Jones and Mark Tami**

**NOES**

Bacon, Mr. Richard
Brady, Mr. Graham
Browne, Mr. Jeremy
Burgon, Colin
Campbell, Mr. Gregory
Chope, Mr. Christopher
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Fallon, Mr. Michael
Heathcoat-Amory, rh Mr. David
Hollobone, Mr. Philip
Jenkin, Mr. Bernard
Leigh, Mr. Edward
Lilley, rh Mr. Peter
Luff, Peter
Redwood, rh Mr. John
Russell, Bob
Spink, Bob
Steen, Mr. Anthony
Swire, Mr. Hugo
Whittingdale, Mr. John

**Tellers for the Noes:**
**Mr. Peter Bone and Mr. Brian Binley**

*Question accordingly agreed to.*

**Mr. Chope:** On a point of order, Madam Deputy Speaker. Do you think that it sets a good example to members of the Youth Parliament that the Government have chosen to curtail debate in this Parliament on this issue?

**Madam Deputy Speaker:** The decision about the closure motion is for the occupant of the Chair.

*Question put accordingly,* That the amendment be made.

*The House divided:* Ayes 21, Noes 207.

**Division No. 72]** **[8.54 pm**

**AYES**

Atkinson, Mr. Peter
Bacon, Mr. Richard
Binley, Mr. Brian
Brady, Mr. Graham
Browne, Mr. Jeremy
Burgon, Colin
Campbell, Mr. Gregory
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Duncan Smith, rh Mr. Iain
Heathcoat-Amory, rh Mr. David

Hollobone, Mr. Philip
Leigh, Mr. Edward
Luff, Peter
McAvoy, rh Mr. Thomas
Ottaway, Richard
Russell, Bob
Steen, Mr. Anthony
Swire, Mr. Hugo
Whittingdale, Mr. John

**Tellers for the Ayes:**
**Mr. Peter Bone and Mr. Christopher Chope**

**NOES**

Alexander, Danny
Anderson, Mr. David
Atkins, Charlotte
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Begg, Miss Anne
Beith, rh Sir Alan
Benyon, Mr. Richard
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Boswell, Mr. Tim
Bottomley, Peter
Bradshaw, Mr. Ben
Brooke, Annette
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burnham, rh Andy
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Caton, Mr. Martin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crabb, Mr. Stephen
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Fabricant, Michael
Featherstone, Lynne
Flynn, Paul
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hodgson, Mrs. Sharon
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Joyce, Mr. Eric
Keeley, Barbara
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Levitt, Tom
Lewis, Mr. Ivan
Lidington, Mr. David
Lloyd, Tony
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mann, John
McCarthy, Kerry
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McKechin, Ann
McLoughlin, rh Mr. Patrick
Merron, Gillian
Michael, rh Alun
Milton, Anne
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie
Mulholland, Greg
Mullin, Mr. Chris
Naysmith, Dr. Doug
Norris, Dan
Öpik, Lembit
Owen, Albert
Pearson, Ian
Pelling, Mr. Andrew
Penrose, John
Plaskitt, Mr. James
Prescott, rh Mr. John
Prosser, Gwyn
Pugh, Dr. John
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Rennie, Willie
Robathan, Mr. Andrew
Rogerson, Dan
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Skinner, Mr. Dennis
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Spring, Mr. Richard
Starkey, Dr. Phyllis
Streeter, Mr. Gary
Stunell, Andrew
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Twigg, Derek
Vara, Mr. Shailesh
Walley, Joan
Walter, Mr. Robert
Waltho, Lynda
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Williams, Mrs. Betty
Williams, Mr. Roger
Williams, Stephen
Wilson, Phil
Winnick, Mr. David
Wishart, Pete
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Yeo, Mr. Tim
Young, rh Sir George

**Tellers for the Noes:**
**Helen Jones and Helen Goodman**

*Question accordingly negatived.*

**Mark Tami** (Alyn and Deeside) (Lab) *then claimed the closure on the contingent Question (Standing Order No. 36(2)).*

*Main Question accordingly put forthwith.*

*The House divided:* Ayes 205, Noes 16.

**Division No. 73]** **[9.4 pm**

**AYES**

Alexander, Danny
Anderson, Mr. David
Atkins, Charlotte
Bailey, Mr. Adrian
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Begg, Miss Anne
Beith, rh Sir Alan
Benyon, Mr. Richard
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Borrow, Mr. David S.
Boswell, Mr. Tim
Bottomley, Peter
Bradshaw, Mr. Ben
Brooke, Annette
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burnham, rh Andy
Burns, Mr. Simon

Burt, Alistair
Burt, Lorely
Butler, Ms Dawn
Caton, Mr. Martin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crabb, Mr. Stephen
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Fabricant, Michael
Featherstone, Lynne
Flynn, Paul
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hodgson, Mrs. Sharon
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Iddon, Dr. Brian
Iranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Joyce, Mr. Eric
Keeley, Barbara
Kidney, Mr. David
Knight, rh Jim
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Levitt, Tom
Lewis, Mr. Ivan
Lidington, Mr. David
Lloyd, Tony
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mann, John
McCarthy, Kerry
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McKechin, Ann
McLoughlin, rh Mr. Patrick
Merron, Gillian
Michael, rh Alun
Milton, Anne
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie
Mulholland, Greg
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
Öpik, Lembit
Owen, Albert
Pearson, Ian
Pelling, Mr. Andrew
Penrose, John
Plaskitt, Mr. James
Prescott, rh Mr. John
Pritchard, Mark
Prosser, Gwyn
Pugh, Dr. John
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Rennie, Willie
Robathan, Mr. Andrew
Rogerson, Dan
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Skinner, Mr. Dennis
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Spring, Mr. Richard
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Tami, Mark
Taylor, Ms Dari
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Taylor, Matthew
Taylor, Dr. Richard
Timms, rh Mr. Stephen
Timpson, Mr. Edward
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Vara, Mr. Shailesh
Walley, Joan
Walter, Mr. Robert
Waltho, Lynda
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Williams, Mrs. Betty
Williams, Mr. Roger
Williams, Stephen
Wilson, Phil
Winnick, Mr. David
Wishart, Pete
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Yeo, Mr. Tim
Young, rh Sir George

**Tellers for the Ayes:**
**Helen Jones and Helen Goodman**

**NOES**

Bacon, Mr. Richard
Binley, Mr. Brian
Brady, Mr. Graham
Browne, Mr. Jeremy
Burgon, Colin
Campbell, Mr. Gregory
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Heathcoat-Amory, rh Mr. David
Hollobone, Mr. Philip
McAvoy, rh Mr. Thomas
Russell, Bob
Swire, Mr. Hugo
Viggers, Sir Peter
Whittingdale, Mr. John

**Tellers for the Noes:**
**Mr. Peter Bone and Mr. Christopher Chope**

*Question accordingly agreed to.*

*Resolved,*

That this House welcomes the work of the United Kingdom Youth Parliament in providing young people with an opportunity to engage with the political process and bring about social change; notes that many hon. Members from all parts of the House are actively involved in the work of the UK Youth Parliament; and accordingly resolves that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House.

**Lembit Öpik** (Montgomeryshire) (LD): On a point of order, Madam Deputy Speaker. I am one of the two MPs who originally campaigned for the issue just decided; the other was the late Andrew Rowe. Obviously, I am delighted with the outcome of the vote. May I ask that the Speaker's Office and the Leader of the House be given the opportunity to speak with the organisers of the UK Youth Parliament to ensure that the processes and procedures that it uses respect the traditions of the House and enable the very best to come out of this outstanding and inspirational decision tonight?

**Madam Deputy Speaker:** Hon. Members' remarks will be on the record, but I will ensure that Mr. Speaker's attention is drawn to the hon. Gentleman's remarks.

**Mr. Chope:** Further to that point of order, Madam Deputy Speaker. May I put on the record the fact that the hon. Member for Montgomeryshire (Lembit Öpik) did not participate in either of the two days of debate on this matter? It is a pity that he did not make his points during the debate.

**Madam Deputy Speaker:** That is not a point of order, but a matter of debate. It is on the record.

**Mr. Brady:** Further to that point of order, Madam Deputy Speaker. Some of us who attended the debates on the use of the Chamber were not able to speak because of the closure motion, but much of the argument has turned on the point of precedent. May I seek a ruling from Mr. Speaker in due course to the effect that a precedent has at least now been established? If the Chamber is to be used by bodies other than the elected House of Commons, we have established that that must follow a debate and vote of the House.

**Madam Deputy Speaker:** The hon. Gentleman's remarks are on the record, but I undertake to draw Mr. Speaker's attention to them.

## Dr. Adrian Garfoot

*Motion made, and Question proposed,* That this House do now adjourn.—*(Mark Tami.)*

9.17 pm

**Mr. Henry Bellingham** (North-West Norfolk) (Con): I wish to raise the case of my constituent, Dr. Adrian Garfoot, and to discuss in a little detail his dealings with the General Medical Council.

Dr. Garfoot is a very distinguished constituent of mine; incidentally, the Reverend John Garfoot, his father, is a popular and well-known Methodist minister. Adrian trained at the Royal Free Hospital school of medicine and served as a GP in a number of locations—in Yarmouth, Sevenoaks and Kilburn. During that time, he became increasingly aware of and involved with the plight of drug users. He saw that many users and addicts were very sad figures and had often been rejected and failed by NHS treatment centres; I am talking about the 1970s and 1980s. There were long waiting lists. Many of the drug addicts became ever more ill and many ended up in prison.

Tragically, quite a few of the young addicts with whom Adrian came into contact at that stage, when he was a GP, died from their addiction. He wanted to do something about it, so he decided to move from general practice to specialist drug treatment. Inevitably, that meant moving into the private sector, which he was reluctant to do. It was, however, the only way in which he could get involved with drug addicts from his position as a GP. As a result of his decision, the Laybourne clinic was born. It was launched in 1990 and after a while it moved into London docklands. I had the pleasure of visiting the clinic on a number of occasions. It soon became a centre of excellence and during its first 10 years it treated more than 1,200 patients, whose typical age was 37 and a half—substantially older than 29, which was the average age of patients in NHS drug clinics.

The overwhelming majority of Dr. Garfoot's patients were long-term addicts who had been injecting themselves for between 20 and 30 years and maintaining their habit through crimes such as theft, burglary, dealing in drugs, prostitution and so on. Most had already spent lengthy periods in prison. At one point, it was calculated that 270 patients at the clinic had between them spent more than 600 years in prison—a fairly staggering figure. Many had been committing up to four crimes a day—in other words, well over 1,000 crimes a year. However, it is interesting that the recidivism rate for drug addicts at the end of a treatment at the Laybourne clinic was only 7 per cent., whereas for those coming out of the prison system it was 54 per cent.

Dr. Garfoot was rebuilding the lives of many people, dealing with serious medical conditions and restoring family relationships. He enabled those people to get on with a normal life and keep out of trouble. In fact, I worked out that during those 10 years he probably saved the country well over £10 million. Many testified that he actually saved their lives in the process.

I want to mention some of the achievements of addicts who underwent treatment at the Laybourne clinic. One reformed addict ended up playing the violin in an orchestra; another founded a national charity; another completed an MA degree in computer studies at the age of 30; and two gained places at medical school. That is a fairly remarkable list of achievements.

I should like to read out a tribute paid by Gary Sutton, who was one of the addicts treated at the Laybourne clinic. I met him on one of my visits to the clinic. His account refers to a particular occasion in 1996. A patient who was in the clinic with him at the time was being treated at St. Mary's hospital and discharged himself with a butterfly needle still in his arm. A few hours later, laboratory results were returned showing that he had a potentially life-threatening infection. The police were alerted and called to the patient's address, but were unable to find him. The hospital rang up Dr. Garfoot. As it was a Sunday morning, Dr. Garfoot was at his home, but he drove up to London and spent seven hours trying to track the patient down. He eventually found him and took him to Homerton hospital. The following day the consultant rang up Dr. Garfoot and personally commended and thanked him for saving this person's life.

Dr. Garfoot had a prescribing policy that was based on harm reduction and non-coercive user-friendly protocols. Above all, he used his clinical judgment and independence. He put in place voluntary and supervised withdrawal programmes. It is interesting to examine the guidelines from the National Treatment Agency for Substance Misuse. When it refers to injectable prescribing, it makes it clear that the recommended daily dosage is between 60 and 120 mg, which is within the effective therapeutic range. Certainly, what Dr. Garfoot was prescribing was within that limit. None of his patients died of any overdose, and there was no evidence whatsoever of diversion of drugs into the wider community. His philosophy was one of maintenance prescriptions with gradual reductions. Let us not forget that many of his patients had been on 12 or more failed oral treatment courses over periods of addiction of 20 to 25 years.

It is worth looking at what the National Treatment Agency for Substance Misuse has said. According to Professor John Strang:

"The message for specialist clinicians is that yes, injectable heroin and injectable methadone have a role to play in the treatment of drug misuse—but it's a limited role and one that needs to be developed very carefully".

Its guidelines say that

"injectable maintenance treatment is most appropriate for long-term heroin addicts who have not responded to oral maintenance treatment"

and that

"where injectable heroin and methadone maintenance prescriptions are provided as part of a comprehensive treatment programme, both may have beneficial effects on health, social functioning and crime reduction".

That sums up what Dr. Garfoot was doing.

It is also telling to have a look at the 2008 drugs strategy. Page 6 mentions the need to

"make sure we are supporting the treatment that is most effective, targeted on the right users—with abstinence-based treatment for some, drug-replacement over time for others, and innovative treatments including injectable heroin and methadone where they have been proved to work and reduce crime".

In Dr. Garfoot's day, the officially preferred and enforced treatment was low-threshold, short reduction therapy. He was struck off for higher-dose long-term maintenance treatment and injectable prescribing, which is now sanctioned. I will come on to his being struck off in a moment, but it is worth pointing out that what he was doing during his years running the clinic was very much in line with current drugs policy, as outlined in the 2008 strategy.

As I have mentioned, there was no evidence whatever of any diversion of drugs during Dr. Garfoot's time running the clinic. He was always incredibly assiduous in preventing the diversion of prescribed drugs to the wider community. That was recognised on a number of occasions when he clashed with the authorities. There were complaints back in 1992, and later there were further allegations. He was summoned before a Home Office misuse of drugs tribunal under the Misuse of Drugs Act 1971, on charges of alleged irresponsible prescribing. There was even a raid on the Laybourne clinic, but after analysis of 1,500 prescriptions there was no sign of any discrepancy whatever. Dr. Garfoot was cleared by the then Home Secretary, the right hon. Member for Blackburn (Mr. Straw), and there was also a finding of abuse of process against his accusers.

At that stage Dr. Garfoot took the view that he would be left alone, but unfortunately it was not to be. In 2000, the interim orders committee of the General Medical Council imposed serious restrictions on Dr. Garfoot after a number of a complaints against him. He was then taken to the professional conduct committee of the GMC on 11 September 2001—a date that none of us will ever forget, for other, tragic reasons. The finding was that he should be erased from the medical register on the grounds of serious professional misconduct. He decided to appeal to the Privy Council, and lost. I do not want to go into great detail about the GMC's findings. Suffice it to say that it agreed that he had believed that he was acting in the best interests of his patients. It also agreed that there had been no diversion of drugs and accepted that no one had died of an overdose while under his care.

In due course, the clinic closed. What happened was obviously a disaster for Dr. Garfoot, and I shall turn to that in a moment, but it was an even bigger disaster for the many patients of the clinic. It carried on for a while after Dr. Garfoot left, but it was unable to continue to provide the same level of treatment. A number of patients left, and six of them have subsequently died. Many others have gone back into a life of crime and prostitution and back on to the conveyor belt that leads to crime, inadequate treatment and back to crime again. What has happened is a tragedy, because many of the adults and youngsters concerned had nowhere to go once the clinic had closed down.

It is worth briefly examining the wider drug situation in the UK, as it puts into perspective the work that Dr. Garfoot was doing. The cost to the UK of drug abuse is absolutely massive. I have had a look at a York university study that puts the total annual cost at £19 billion, which is £850 for each household in the UK. I know that that might not sound a vast amount of money given the billions being thrown at the bank bail-out scheme, but it is a very large amount. It includes the cost of drug-related crime, which comes to £12 billion, and the extra burden on the police, prisons and the NHS. Interestingly, the study also found that 99 per cent. of that cost was caused by a hardcore group of roughly 280,000 users. That puts the nature of the problem into perspective.

I wish to say a word or two about Dr. Garfoot himself and what has happened to him since. He has been unemployed since he was erased from the register. He

*[Mr. Henry Bellingham]*

has been lost to the profession. I also feel that he has been extraordinarily unfortunate because his case was heard on 11 September 2001 and, since then, the rules have changed.

An amendment to the Medical Act 1983 was made in 2000 in statutory instrument No. 1803, which came into force on 3 August 2001. It provided that a 10-month suspension would be replaced by a five-year suspension. Of course, that was the Government's response to the Shipman disaster. The minimum period of suspension—erasure—was previously 10 months, but was increased by the then Secretary of State for Health to five years.

It is interesting to note that, on 2 November 1998 and again on 10 January 2000, Dr. Garfoot was supplied with a copy of procedure rules, which were dated July 1997, on which proceedings against him would be conducted. Paragraph 28 stated that

"a direction to erase remains effective unless and until the doctor makes a successful application for restoration to the Register. Such an application cannot be made until at least 10 months have elapsed since the original order took effect."

Paragraph 30 states:

"Application for restoration may legally be made at any time after 10 months".

Dr. Garfoot was not informed of that until after his appeal to the Privy Council was heard. In other words, the proceedings against him in 1998 and 2000 were conducted under the unamended 1983 legislation—the statutory instrument did not come into force until 3 August 2001.

Through me, Dr. Garfoot contacted the then Home Office Minister concerned, the right hon. Member for Barrow and Furness (Mr. Hutton). In his reply, the Minister said that although there was a provision for exempting doctors who had submitted applications for exemption before 3 August, there was no such provision for doctors whose cases were in progress at the given date. I believe that that is incredibly unfair—the goalposts were moved while the process was continuing. It is not only unfair but arguably a breach of article 7 of the European convention on human rights, which states:

"No one shall be held guilty of any criminal offence on account of any act or omission which did not constitute a criminal offence under national or international law at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the criminal offence was committed."

Of course, we are not considering a criminal offence, but the GMC professional conduct committee made it clear that it was applying criminal standards of proof. Dr. Garfoot was unfortunate in the timing of the statutory instrument. He takes the view that he and a small handful of other doctors should not have been treated in that way and that some extra flexibility should have been shown.

I have spoken about Dr. Garfoot's marvellous work, the lives that he saved and the small part that he played in trying to tackle the UK drugs crisis. I want now to refer to a couple of matters that relate to the GMC. Last year, Dr. Garfoot applied for reinstatement, and the hearing took place on 10 March 2008. Before attending the hearing, he was advised that he should not try to challenge the judgment of the original case. He assumed that the outdated "Form S148", which had been sent to him some time previously, still stood. It stated:

"In the eyes of the law, and of the Professional Conduct Committee, you were guilty of the charge found proved against you. There is no point in arguing to the Professional Conduct Committee that the decision to erase your name was a mistake."

He arrived at the hearing unrepresented, while the GMC had a top barrister to represent its interests. I question whether there should be an effective inequality of arms in such a tribunal. Dr. Garfoot could not afford legal help, yet the GMC had a battery of lawyers to help it.

He had no wish to delve into the past, but fully anticipated that the GMC very much would want to. He was shocked, as well as totally unprepared, when two of the four pages of the panel's determination amounted to a rehash of the PCC's original determination from September 2001 and the reasons given by the Privy Council for dismissing his appeal in May 2002.

The barrister had been instructed by the GMC with the specific intention of putting Dr. Garfoot down and thus presented in his speech a completely one-sided view of Dr. Garfoot's work and his philosophy. When Dr. Garfoot realised what was going on and wanted to put his side of the story, so as to explain his work to the panel—to talk about the patients whose lives he had saved, those whom he had saved from prison and those whose lives he had saved from spiralling out of control—he was told by the GMC that he could not put that part of his argument. He was then silenced quite disgracefully by the chairman, who cut off his microphone. That was an unfortunate state of affairs in March 2008.

I would like to pick up on a couple of the points that the panel put to Dr. Garfoot. One of the complaints against him, which was also one of the reasons he could not be reinstated, was that he had not had enough recent practical experience, such as attending at a surgery or using new IT systems. As it happens, it is difficult for any GP who has been struck off to get any practical experience. Dr. Garfoot wrote to his postgraduate tutor and asked whether he could sit in on his surgery, but the offer was withdrawn shortly before the practical experience was about to take place.

It is difficult for any GP to keep up to date with medical knowledge without hands-on clinical experience. As for experiencing new IT systems, the British Medical Association runs courses for that purpose, but they are open only to doctors registered with the GMC. Therefore, although Dr. Garfoot did his level best to keep in touch—he did a great deal of reading and a lot of work on the internet, as well as talking to many of his former colleagues in practice—he was told by the panel that he had not done enough to keep his skills up to date. That reinforces the point that if he had been able to reapply for reinstatement after 10 months, the chances are that those criticisms would not have applied.

There is another point that I would like the Minister to have a quick look at, because it could be within his jurisdiction, so to speak. Apparently, the panel had no power to impose conditions on Dr. Garfoot's re-registration—indeed, it made that point to him. He argued that he had no intention of going back into drugs treatment, even though that is where his heart lies. Having gone through the experience that he did with Laybourne, all the heartache of the misuse of drugs tribunals, and eventually the hearings before the

GMC and the appeal to the Privy Council, he realises that it would not be right for him to go back into treating drug addicts.

However, Dr. Garfoot wanted to go back into general practice. Even if he could not have been accepted in a local doctor's surgery in my constituency, there could have been many other opportunities, such as working as a locum or an adviser to companies doing medical assessments in the private sector. A host of opportunities was available to him, but unfortunately the panel said that it could not re-register him with conditions. In many ways, the panel would have liked to say, "We will allow you to become reinstated, but the condition is that you can't go back to treating drug addicts." However, the panel was unable to do that.

Will the Minister sit down with the GMC and discuss that? It is not just my constituent Dr. Garfoot who is affected. We are talking about 100 or so doctors who have been struck off in this period and 40 or 50 doctors who have been struck off, suspended or erased for similar instances of alleged misconduct in the field of drug treatment as those involving Dr. Garfoot. There is a large pool of talent out there. It might not be appropriate for some of those doctors to be reinstated, but some certainly want to be reinstated. Some of them are even anxious to be reinstated, yet they have no chance whatever of succeeding in that. Dr. Garfoot will be reapplying this year and I will do my best to support him. I know that other hon. Members, particularly the hon. Member for Bolton, South-East (Dr. Iddon), who has also looked into the case very carefully, will be doing the same.

My next point on the GMC relates to its use of draft determinations and predetermined sentences of erasure. It has now been admitted by the GMC's own solicitors that the assistant registrar, who was also the secretary of the professional conduct committee, would either write or direct clerks to write draft determinations some weeks prior to the professional conduct committee sitting. The draft would then be handed by the committee secretary to the chairman and the panel to be read out as the final determination. In these cases, the draft also contained the predetermined sentence of erasure, which basically means that many of these hearings were effectively a complete sham.

I have looked into a number of other cases, as well as Dr. Garfoot's. It was interesting to have a close look at the GMC paperwork in Dr. Garfoot's case. The findings are listed by way of a decision. One should note that, at that point, the panel concluded for the day. On the following day, there was the mitigation and then the panel read out the determination, which bore very little relation to the decision. Exactly the same pattern of events—the use of draft determinations and predetermined sentences of erasure—happened in the case of Dr. Jennifer Colman. As it happens, she is not my constituent, but I have met her in Norfolk; she is a resident of mid-Norfolk. It was the same in the case of Dr. Hickey.

I have to say that I find this quite extraordinary. Here we have a very important and prestigious professional body predetermining the outcomes of professional hearings. That seems to me to be quite staggering. Another case, known as the Munday case, went right up to the House of Lords, and it was held that a magistrates clerk should not retire with magistrates. In the case of the GMC, the clerks were retiring, and in the earlier case they dealt with the screening process, the intermediate process of preliminary proceedings and then sat as committee secretaries on the PCC, as well as drafting the draft determinations that ended up as the final determination. It is certainly worth looking at that case, which has governed the way in which many other professional organisations operate. Clearly, something has gone very badly wrong.

Is the Minister aware that the GMC's professional conduct committee was operating by using predetermined recommended sanctions, including erasure, during the 1990s? Is he aware that those draft determinations were written by assistant registrars weeks before the hearings? Does he approve of that practice and does he know whether it is still in operation? Does he agree that if that was indeed happening—we have no reason to believe otherwise, as that is what the GMC's own solicitors are telling us—it surely represents a breach of article 6 of the European convention on human rights on the right to a fair trial. That right is not only laid down and encapsulated in that convention, but is part of our own law as a result of the Human Rights Act 1998.

I would be grateful if the Minister answered those questions about the GMC, as they are pretty fundamental. Here we have a hugely prestigious and important organisation, sitting in judgment on the lives of its members. I have looked at the workings of a number of professional bodies, which obviously have to adopt the highest possible standards of procedure. It is essential that they do so to maintain the confidence of the profession. I submit to you, Mr. Speaker, that if the GMC has behaved and is behaving in this way in a number of cases, it is most certainly a complete breach of natural justice—never mind the European convention on human rights and our own human rights legislation. I also put it to you that the treatment of Dr. Garfoot at the reinstatement hearing was a complete disgrace, particularly when the chairman cut him off from expressing his point of view—another breach of natural justice.

I have spoken at some length because I want to put on the record the work done by my constituent, and his passionate commitment to people suffering from drug abuse at a time when this country has an appalling problem with drug addiction and drug abuse. The sadness is that since the clinic closed, many of those patients have returned to a life of crime; some have even died. Many patients who might have gone to the clinic and been treated have not been able to do so. I wonder how many other doctors are in the same position as Dr. Garfoot, who could have played a vital part under the 2008 drugs strategy in improving the lives of many hundreds of people—and surely, at a time when there is a critical shortage of doctors in some parts of the country, it is not a good use of resources to prevent such doctors from being reinstated.

I hope that the Minister will answer my questions. I also hope that he will join me in paying tribute to the doctors in this country who work so incredibly hard to help drug addicts. It is not a fashionable part of medical practice, but, day in day out, those doctors are putting their careers on the line, saving lives, working extremely hard to make other people's lives better and helping this country in the war against the total evil that is the drugs trade, which leads to drug addiction, drug abuse and the ruining of young lives.

9.46 pm

**Dr. Brian Iddon** (Bolton, South-East) (Lab): Dr. Adrian Garfoot came to my notice almost immediately when I arrived in Parliament in 1997. In the summer of that year, a young boy hit not just the national but the international headlines. Dillon Hull, aged five, was shot dead in my constituency in August 1997. The bandits were actually after his father, who owed a considerable amount of money for the heroin that he had been selling, but unfortunately Dillon copped it instead.

The event in that summer was felt by the whole nation, and, as I have said, became an international event. It precipitated me into the drugs debate. I had 12 years' experience of research on opiates through my students at the University of Salford, so I knew something about the subject professionally as well. Given that I had been elected a Member of Parliament and given my professional background, it was inevitable that *The Guardian*, "The World This Weekend" and a number of other television and radio shows would ask me to contribute to the debates that raged after Dillon Hull was tragically shot. That is how I came to the notice of people such as Adrian Garfoot, who wanted to explain to me what they were doing.

It should be borne in mind that those times were different from these, just 12 years later. I would not say that there was nowhere for chaotic drug addicts to go in the 1980s and early 1990s, but it was extremely difficult for them to obtain treatment. It is difficult for some people today, but I dare say that that is partly their fault because they have not accepted that they are ready for treatment. At that time, even those who desperately wanted treatment and begged people such as me to find it for them could not obtain it. I have seen no such cases in the last five or six years, but in 1997 and 1998 parents came to me begging me to help their sons—usually sons, but sometimes daughters—to obtain treatment, here, there or anywhere. That was before the Government established the National Treatment Agency for Substance Misuse. Thank goodness, things are very much better today.

I had the impression that Dr. Adrian Garfoot was in the wrong place at the wrong time, and so were a lot of doctors like him. He was unconventional in the way in which he treated people, but he was treating the most chaotic heroin addicts in London and in the home counties, for people travelled some distances to see him at the Laybourne clinic.

I was suspicious, thinking that this was a private clinic and that Dr. Garfoot might have been in it just to make money, but I soon realised that money was not the driving force behind his life. He had an almost missionary role, and felt for those people, with whom no one else wanted to deal. The national health service certainly did not want them. General practitioners did not want them anywhere near their surgeries. But someone had to deal with them, and one of those people was Adrian Garfoot. I remember him telling me some stories. He sometimes worked late at night, and he told me a dreadful story about a young man coming at him swinging an axe. He was able to deal with people such as that, but it is little wonder that other general practitioners did not want to deal with them.

I congratulate the hon. Member for North-West Norfolk (Mr. Bellingham) on bringing Adrian Garfoot to our attention this evening. He managed to stabilise all his patients. Their chaotic lives became almost normal—although not quite normal in most cases. Some of his patients were stabilised on injectable heroin and then oral heroin, and—believe it or not—they were able to work; a lot of his patients went back to work. He also brought families back together again. Wives had to try to live with chaotic husbands. Families separated, but he managed to bring them back together. I thought that he had an almost missionary zeal. Sadly, however, one of his patients then died, and that incident came to the attention of the General Medical Council. As the hon. Member for North-West Norfolk said, Dr. Gurfut's relapse rate was extremely low, whereas in other areas of treatment in this country at that time, relapse rates were exceedingly high. That must have said something about what
Dr. Adrian Garfoot was doing at the time. I was convinced he was doing a good job, therefore, despite this tragic death. That did not surprise me, in view of the kind of patients he was dealing with. It seemed inevitable that there would be a patient death at the Laybourne clinic among the 1,200 patients he was dealing with at that time.

There was no ready access to public treatment for drug addiction then, so quite a number of private doctors were operating. I thought some of them deserved to be struck off. A few of them—perhaps more than a few of them—were in it to make money. I do not think Adrian Garfoot was one of those people, however. That is why I say that he was just in the wrong place at the wrong time. I was convinced, therefore, that I had to go and defend him at the GMC hearing. It lasted 35 minutes or so—I cannot remember how long, but it seemed an eternity. The people who were sat around were all "ologists" of one kind or another—gynaecologists and so forth. However, while talking to them I got the impression that they did not really know the world that Dr. Adrian Garfoot had been living in. Therefore, I was not surprised that the GMC at that time struck him off. I did think, however, that it was due to a misunderstanding and—let me repeat for the third time—due to the fact that he was in the wrong place at the wrong time. He has truly suffered over the past 12 years or so, and I plead with the Minister to have a look at this case and, perhaps, to have a word with the GMC, because we are talking about a man who is committed to medicine and who has done his best to re-educate himself—although I have not talked to him very recently. I ask my hon. Friend to look at the case of Adrian Garfoot in particular.

9.53 pm

**The Minister of State, Department of Health (Mr. Ben Bradshaw):** Let me start by congratulating the hon. Member for North-West Norfolk (Mr. Bellingham) on securing this further debate on the case of Dr. Adrian Garfoot and the General Medical Council.

My Department's "Clinical Guidelines" and "Models of Care" guidance promote a range of drug treatments by those competent to prescribe, and the Government fully support appropriate clinical freedom within the constraints of the independent mechanisms to regulate professional practice. The GMC is responsible for regulating medical practice, and its primary purpose is to protect the public. That principle was reaffirmed last year by Members on both sides of the House during the passage

of the Health and Social Care Act 2008. It is important to make clear at the outset that the GMC is an independent statutory body, and that it is not directly accountable to Ministers.

The hon. Gentleman has understandably concerned himself with the case of Dr. Garfoot, and I commend him for the detail of his research and the care he has taken in preparing for this debate. May I commend the work of my hon. Friend the Member for Bolton, South-East (Dr. Iddon), too? I have the greatest regard for him and he speaks a great deal of sense on drug issues in general.

The hon. Gentleman and my hon. Friend will be aware that Dr. Garfoot's situation was the subject of a debate in June 2003, as well as being cited as a case in point in several others: in March 2001, November 2001 and January 2005. It should not be and is not the Government's job to take sides in such a dispute. I cannot comment on the rights or wrongs of the case; indeed, it would be wrong for me to do so. The determination of Dr. Garfoot's fitness to practise was a matter for the GMC's fitness to practise panel, and those tasked with adjudicating in medical fitness to practise hearings have to make a judgment about the appropriateness of clinical interventions in the face of competing evidence and competing professional views. Their decisions are often extremely difficult, as there is often competing evidence and a range of views about appropriate clinical practice. In this case, those differing views have been well-aired.

When cases relate to the appropriateness of a clinical judgment, a fitness to practise panel has to make a judgment about whether a doctor is applying good medical practice in comparison with the norm in that specialty. In highly specialised practices, such as the treatment of older drug users, that judgment might be more complicated, but it was the clear finding of the panel that Dr. Garfoot's practice was impaired at the time. Let me quote from the finding of 11 September 2001:

"The Committee found that he had irresponsibly prescribed drugs of addiction and dependence to 12 patients between 1996 and 1999".

That followed the previous finding that those

"12 patients all displayed a pattern of excessive treatments, mostly over several years. Some patients became dependent on drugs which they had not taken regularly before".

The later ruling found that

"his pattern of clinical management and attitude to the need for his own education fell far short of the standard expected of a medical practitioner."

That took place at the hearing at which Dr. Garfoot's name was erased from the register. As the hon. Member for North-West Norfolk rightly said, Dr. Garfoot then went on to appeal to the Privy Council. On 19 June, the Privy Council dismissed his appeal against erasure, stating that

"the circumstances of the case were so serious that the order of erasure was entirely appropriate and inevitable and...there was no basis to justify setting it aside."

The Medical Act 1983, as amended by the Medical Act 1983 (Amendment) Order 2000, states that no application for restoration of a name to the register can be made to the professional conduct committee until five years from the date of erasure. Also, if an application has already been made and rejected, another application cannot be made for a further 12 months. That order took effect on 3 August 2000, which means that any doctor whose name was erased on or after that date must wait for five years before they can apply for restoration.

Dr. Garfoot applied for restoration at the end of the initial five-year period. His application was heard in March 2008, when he informed the panel that he had reflected on his prescribing practices and that he now considered them to have been "ridiculous". He also accepted the need to undertake further training in order to return to practice. However, the fitness to practise panel refused his application. In summing up, it remained very concerned about his lack of insight into general and fundamental problems and his failure to keep records, to monitor or review treatment and to keep his knowledge and skills up to date. He became eligible to reapply for restoration last week, on 10 March.

As I said, the new rules about applications for restoration raised by the hon. Member for North-West Norfolk came into force on 3 August 2000. The 2000 order included transitional arrangements for applications and the effect of those transitional arrangements was that the new rules applied unless erasure had already taken place by 3 August, even if the allegations related to an earlier time. That was the case even if the GMC had already started proceedings. The amendment therefore takes effect from the date that the decision is made and not the date on which the alleged incident or incidents took place. In Dr. Garfoot's case, his name was not erased from the register until 26 June 2002 and so it was clear that the new rules applied to him.

The hon. Gentleman raised concerns about the dual function that the GMC used to have of hearing and adjudicating on processes. The GMC provides clear and concise guidance for doctors on restoration following erasure by a fitness to practise panel, and that guidance is published on its website. The criticism that the GMC faced during the Shipman inquiry led to the putting in place of new procedures in 2004. However, we believed that public and professional confidence in the system of regulation had already been undermined. The GMC was quick to recognise that reform was needed to change that perception, and to do so it made significant changes, including moving towards an internal separation of its investigation and adjudication functions. However, given the level of—

10 pm

*Motion lapsed (Standing Order No. 9(3)).*

*Motion made, and Question proposed,* That this House do now adjourn.—(*Mark Tami.*)

**Mr. Bradshaw:** However, given the level of public concern, the Government felt that the creation of an office of the health professions adjudicator would send a strong signal to the profession and the public that decisions regarding a doctor's fitness to practise should be impartial and independent of those who investigate. We legislated to create the office of the health professions adjudicator in last year's Health and Social Care Bill, and we expect it to be fully up and running by 2011.

As I have already stated, Dr. Garfoot became eligible to reapply on 10 March. I understand from the GMC that he has not so far done so, but that would be the next step if he wants to get back on the register.

**Mr. Bellingham:** I am very grateful to the Minister for giving way and for some of the points that he has made, which are very helpful. Does he agree that it seems inflexible and too rigid for the GMC, in a reinstatement hearing, not to be able to reinstatebut with conditions? Obviously, its main concern inDr. Garfoot's case is not his suitability as a GP, but the way in which he ran the Laybourne clinic.

**Mr. Bradshaw:** I was just about to come to that, and I shall certainly reflect on the point that the hon. Gentleman makes and write to him in more detail about it. My understanding is that, if the GMC were able to do what he suggests it should, the problem would be that it refuses applications for initial registration where there is evidence that the applicant's fitness to practise may be impaired. Therefore, it would not be consistent to make provisions for restoring an applicant to the register with conditions if he or she would be refused registration in the same circumstances at initial registration. It would be unfair to those people who have to prove that they are completely fit to practise for the initial registration.

The council discussed erasure and restoration in November 1999 and agreed an important principle:

"Doctors who have been erased have been excluded from the profession indefinitely. Only exceptionally will any doctor be restored to the register following erasure."

The hon. Gentleman and my hon. Friend the Member for Bolton, South-East also raised the general issue of wider drugs policy. Both recognised that we have come a long way in the past 12 years or so in improving both provision and the general approach taken to helping drug addicts manage their addictions. We have increased substantially the number of people entering drug treatment, and the proportion of those who are receiving treatment that is having a long-term, positive impact in tackling their addiction continues to rise year on year. More than 202,000 people received treatment in 2007-08—138 per cent. more than in 1998, when the figure was 85,000, and well in excess of our previous drug strategy public service agreement target, which was to double the number by 2008. We are keeping 78 per cent. of people in treatment for at least 12 weeks—we believe that that is an indicator of treatment effectiveness, with evidence showing that treatment of at least that length has a lasting, positive impact in tackling an individual's addiction—which is 3 per cent. more than in 2006-07. Collectively, that has led to improvements in the lives not only of the drug user but of the wider community, with drug-related deaths lower now than they were in 2000, following a doubling in the 1990s. Drug-related crime has also fallen by 22 per cent. since 2003.

We have raised a number of difficult issues today. There were a couple of detailed points that the hon. Gentleman raised that I am afraid I have not managed to respond to, but I promise to write to him about them—

**Mr. Bellingham** *rose—*

**Mr. Bradshaw:** Unless the hon. Gentleman can remind me of them now.

**Mr. Bellingham:** The key point was the use by the GMC of draft determinations and predetermined sentences of erasure. If the Minister wrote to me about that, I would be very grateful, because it is probably the most important recent development.

**Mr. Bradshaw:** I will happily write to the hon. Gentleman. My officials did send me a helpful note on that, but it was not quite helpful enough for me to use. Either I did not understand it properly, or I did not think it a comprehensive answer to the point that he was making.

It is important that we all focus on what matters most: the protection of the public and patient safety. Public protection and patient safety require robust systems of professional regulation. In 2007, we published our White Paper "Trust, Assurance and Safety", which set out our intention to establish a new independent body to adjudicate in medical fitness to practise cases. There is often a difficult judgment call to be made about the acceptable degree of risk associated with certain forms of treatment. We believe, therefore, that it is right and proper that these judgments are made by a body that is independent of the individual and of the profession.

In future, there will be a clear separation between the GMC's investigation function and its decision-making process, and that separation of adjudication will ensure that there is no perception of bias on the part of the decision maker for or against medical practitioners. Although we have no reason to doubt the GMC's processes, independent adjudication will address the perception of bias in some quarters. Independent adjudication can only be seen as a positive development in cases such as Dr. Garfoot's, where competing opinions about the appropriateness of clinical intervention need to be weighed up.

*Question put and agreed to.*

10.5 pm

*House adjourned.*

# House of Commons

*Tuesday 17 March 2009*

*The House met at half-past Two o'clock*

**PRAYERS**

[MR. SPEAKER *in the Chair*]

# Oral Answers to Questions

## JUSTICE

*The Secretary of State was asked—*

**Electoral Registration**

1. **Mr. Simon Burns** (West Chelmsford) (Con): What steps the Government are taking to reduce the incidence of electoral fraud. [263746]

8. **Angela Watkinson** (Upminster) (Con): What plans the Government have to reduce levels of electoral fraud. [263753]

9. **Chris Ruane** (Vale of Clwyd) (Lab): What steps he is taking to increase levels of voter registration. [263754]

**The Minister of State, Ministry of Justice (Mr. Michael Wills):** The Government have committed to ensuring that the electoral register is both comprehensive and accurate and that we do everything possible to tackle electoral fraud. We have introduced new and strengthened penalties for electoral fraud for that reason and new requirements for personal identification for voting. Also for that reason, the Electoral Administration Act 2006 imposed a new duty on electoral registration officers to take all necessary steps to ensure that there is a comprehensive register. That has helped to increase voter registration for parliamentary elections by nearly 800,000 over the past three years. We recognise, however, that there is more that can be done in all those areas, and we will do it.

**Mr. Burns:** I am grateful to the Minister, but is he aware that the integrity of the electoral register can be maintained only if the people who are eligible to be on it are the only ones who can register? What can be done to prevent people who do not have indefinite leave to remain in this country from registering and voting? Does he believe that it is unsatisfactory for someone facing a deportation order not only to have registered to vote but to have actually voted in the 2005 general election in Chelmsford? When the electoral registration officer took the matter up with the Home Office—

**Mr. Speaker:** Order. That is far too long a supplementary.

**Mr. Wills:** If the hon. Gentleman has individual circumstances in his constituency that he wants me to follow up, of course I shall do so. His general point about the integrity of the register is absolutely right. We have already taken many measures to deal with that, and we are going to take further measures. That is why, for example, we are going to bring in a process of individual voter registration beginning next year.

**Angela Watkinson:** Will the Minister look at how the security of the postal voting system might be improved? Before each election, I am contacted by electors who say that they have not received the postal ballot paper that they have applied for, and when I ask the electoral registration office to issue them with a duplicate, it says that it is not allowed to do that because its records show that the ballot paper has been dispatched. That elector loses their vote, and nobody knows what has happened to it. Similarly, when completed ballot papers are returned to the electoral registration office, they are very often not received. Is there some way in which the security of that process can be tightened?

**Mr. Wills:** Again, I am very happy to look at any individual circumstances that the hon. Lady may want to bring to my attention. Of course, we are constantly looking at how we can improve the procedures. That is why we have brought forward measures in the past few years and will continue to bring them forward as needed. If she wants to write to me or come and see me about individual circumstances, I am always happy for her to do so.

**Chris Ruane:** Opposition Members rightly mention election fraud, which is serious. Does my right hon. Friend agree that an equally serious issue is the 3.5 million UK residents who are missing from the register? Measures introduced in Northern Ireland some years ago resulted in 13 local authorities there having the lowest registration rates in the whole country. What lessons has he drawn from the Northern Ireland experience?

**Mr. Wills:** My hon. Friend is right to draw attention to the importance of maintaining the comprehensive nature of the register as well as its integrity. Those two things are fundamental principles for the electoral registration system in this country, which is the foundation of our democracy. Of course it is right that we must ensure that the integrity of the system is upheld and enhanced at every moment, but we must also ensure that the register is kept as comprehensive as possible. That is why we are bringing in new measures in the Political Parties and Elections Bill, which is currently going to the other place. It is why we brought in measures that have already driven up registration by hundreds of thousands of votes in the past three years and why I can assure my hon. Friend that the lessons of Northern Ireland will be taken on board. We will continue to do everything possible to ensure that the register is comprehensive.

**Mr. Douglas Hogg** (Sleaford and North Hykeham) (Con): Perhaps the Minister will agree that the single most effective measure to prevent fraud is individual registration. In that context, does he understand that many of us believe that the 2015 introduction date is too leisurely and should be brought forward?

**Mr. Wills:** I agree with the right hon. and learned Gentleman that individual registration is very important in ensuring the integrity of the register. That is why we are bringing it forward. However, I hope he will agree with me that it is very important that the introduction of that historic shift in how voters are registered in this country is not botched. By "botched" I mean large numbers of voters falling off the register who would otherwise be eligible to vote. I hope he agrees that that would be a blow to our democracy. We must ensure that the comprehensive nature of the register is maintained as we move with all due speed and caution towards a system of individual voter registration. We have discussed the matter at length during the progress of the Political Parties and Elections Bill through this House, and the right hon. and learned Gentleman will be well aware of the reasons why the 2015 introduction date has been chosen.

**Mr. Andrew Love** (Edmonton) (Lab/Co-op): Surely the lesson from Northern Ireland is that, when new security measures were introduced, not only did numbers on the electoral register fall but they stayed low, stubbornly resistant to increase. Does my right hon. Friend therefore agree that, before any steps are taken, we need to ensure that we have a comprehensive and robust system of electoral registration?

**Mr. Wills:** I do agree, and my hon. Friend is right. We need to ensure that the register is comprehensive before we can move to a system, which, all the evidence suggests, could lead to many voters who are otherwise eligible to vote not being able to do so because they are not on the register. We must proceed with two principles firmly in mind and locked together: the comprehensive nature of the electoral registration system and its integrity.

**Mrs. Eleanor Laing** (Epping Forest) (Con): I agreed with everything the Minister said until his last point. Of course comprehensiveness of the register is vital, but electoral fraud undermines democracy. We have called for individual voter registration and all the other measures for more than five years. If the Minister now recognises that that is necessary, he must also recognise that it is urgent. Between now and 2015, at least 13 important sets of elections will take place without individual registration and the other measures that he mentioned. If he genuinely wants to protect the integrity of the ballot, will he convert his new-found enthusiasm for the principle into action? He should give the reforms the urgency that they deserve: 2015 is too late.

**Mr. Wills:** I have great respect for the hon. Lady, and many of the points that she makes are true. However, I caution her against undue haste.

If any of us proceed with undue haste, the matter could be botched and many voters, who are eligible to vote, will fall off the register because of the problems. Let us consider, for example, people who are functionally illiterate—an estimate suggests that one in five of the population are functionally illiterate. I very much hope that Conservative Members are not proposing a deliberate policy of disfranchising such marginal and vulnerable voters—*[Interruption.]* I think they are suggesting they are not, in which case I hope they agree that it is necessary to proceed with caution to ensure that everyone who is eligible to vote is registered and can do so. That is important.

The hon. Lady suggests that proceeding to individual registration is the only way of tackling fraud. It is an important method, but not the only one. We have produced many measures, and studies by the Electoral Commission suggest that, certainly in the past three or four years, incidence of fraud is declining, not increasing.

## Burglary (Sentencing)

2. **Mr. Laurence Robertson** (Tewkesbury) (Con): What recent estimate he has made of the proportion of first-time offenders found guilty of burglary offences who are given custodial sentences; and if he will make a statement. [263747]

**The Minister of State, Ministry of Justice (Mr. David Hanson):** According to figures recorded on the police national computer in 2007, 22 per cent. of first-time offenders convicted of burglary with no previous convictions were sentenced to immediate or suspended custody. With the Government's active encouragement and the courts' active involvement, household burglary has decreased by 55 per cent. since 1997.

**Mr. Robertson:** I am grateful to the Minister for that reply, although I think that burglary has increased more recently. When I raised the matter on 3 February, the Justice Secretary said that the Lord Chief Justice had issued

"very strong guidance to sentencers on burglary".—[*Official Report*, 3 February 2009; Vol. 487, c. 697.]

He also said that there would be a "toughening up" of sentencing policy. However, the key points in that sentencing document include the following:

"Previous convictions and the record of an offender are of more significance than in the case of some other crimes."

What exactly does that mean? It seems like a weakening rather than a strengthening of sentencing policy.

**Mr. Hanson:** I think I have made it clear that the Government and the judiciary feel strongly that we need to strengthen and encourage custodial sentences for burglars when appropriate. Under the previous Conservative Government, the average sentence for burglary was 15.8 months, whereas the average sentence now is 16.7 months. Indeed, 85 per cent. of those who commit a third burglary are now sentenced to custody.

**Rob Marris** (Wolverhampton, South-West) (Lab): For first-time offenders who are found guilty of burglary and get a custodial sentence, a key component of ensuring that they do not, on their release, commit burglary again is their educational skills—illiteracy among prisoners is high. To stop first-time offenders becoming second-time offenders, what are my right hon. Friend and the Government doing about education in the Prison Service, which is vital?

**Mr. Hanson:** My hon. Friend is right to say that improving literacy and numeracy and the opportunities to learn new skills and gain employment are key to preventing reoffending. We have dramatically increased the amount of investment and the number of hours available both in young offender institutions and adult prisons to deal with education for literacy and numeracy. There is self-evidently more that can be done, but I give my hon. Friend an assurance that we will continue to do that, because those things are key to preventing reoffending.

**Mr. Gregory Campbell** (East Londonderry) (DUP): Instances of burglary tend to increase in times of recession. Given that prison places are at a premium and given the depth of the recession that we are going through, what steps will the Minister take to ensure that those who engage in criminal activity for the first time face extreme sanction and the knowledge that they should not carry out such actions, and that they do not repeat those offences?

**Mr. Hanson:** As I said in answer to the hon. Member for Tewkesbury (Mr. Robertson), at the moment 22 per cent. of offenders convicted of burglary with no previous convictions are sentenced to immediate or suspended custody. Whatever response the courts make, I am clear that we need to ensure sufficient prison places for those for whom custody is an option in the courts. That is why we will build an additional 3,500 or so prison places in England and Wales this year alone and why we have an ambitious programme to get to 96,000 places by 2013-14. We currently have some headroom in the prison system, but we want to ensure that there will always be places for people who are sentenced. That is why we have the ambitious building programme that we do.

**Sir Alan Beith** (Berwick-upon-Tweed) (LD): Has the Minister found some new evidence that short periods in prison make offenders less likely to commit further burglaries? If he has not, will he ensure that the courts have available to them community payback schemes, restorative justice and the means to address the original causes of offending, such as drug addiction, rather than spending lots of money on prison sentences that do not work?

**Mr. Hanson:** I am grateful to the right hon. Gentleman for making that point. A key issue is what we do with people who are sentenced to less than 12 months in prison, because going through the revolving door of prison gates is not conducive to preventing reoffending. We have a menu of options. Ultimately, it is for the courts to decide. Custody will be an option, depending sometimes on an individual's persistence with burglary or another offence, but I want to see what works. On many occasions, a drug rehabilitation order or a strong and intensive community sentence will be just as important as a short custodial sentence in helping to prevent reoffending.

**Mr. Edward Garnier** (Harborough) (Con): What is the point of the courts sending burglars to prison, as the Lord Chief Justice recommended in January, if the Government let them out? Some 4,527 burglars have been let out under the Government's hopeless and benighted early release from custody scheme. Why do the Government not do something useful for once? Most burglars are drug addicts, stealing to fund their addiction. Why do the Government not get them off drugs, either in prison or outside, and do the public a good turn?

**Mr. Hanson:** The hon. and learned Gentleman will know, because he takes these matters seriously, that a renewed and revised drugs strategy for the next three years will shortly be produced for the National Offender Management Service. He knows that we intend to terminate the end of custody licence scheme as soon as practicable and that we are working towards that end. Unlike the Opposition, who released 3,500 prisoners in a single day, we are committed to ensuring that there are sufficient prison places, that we tackle the causes of crime and that we support both strong community sentences and effective activity in prison. That is what we are doing and I am sorry that the hon. and learned Gentleman does not recognise it.

## Inquests

3. **Mr. Mark Harper** (Forest of Dean) (Con): What recent representations he has received on his Department's plans to exclude juries from some inquests. [263748]

**The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw):** On Second Reading of the Coroners and Justice Bill, I told the House that the Government were open to amendments and suggestions about the proposals. Many hon. Members from all parts of the House have responded to that invitation. In consequence, I am this afternoon tabling amendments fundamentally to recast the proposals. First, the criteria for the Secretary of State's certification will be significantly tightened. Secondly, the Secretary of State's certificate will trigger consideration by a High Court judge sitting as a coroner. It will then be for the judge, not the Secretary of State, to decide whether it is necessary to hold an inquest without a jury or whether special measures with a jury would be adequate to protect the sensitive information concerned. There would in any event be a right of appeal to the Court of Appeal.

**Mr. Harper:** I am very grateful to the Secretary of State for the mini-announcement that he has made. *[Interruption.]* No, I am thanking him for it—it is good. He will know that his original proposals caused a great deal of disquiet, so I am grateful that he has tabled those further proposals. I am sure that my hon. and learned Friends will want to look at those amendments in detail as the Bill is discussed next week. Does the Secretary of State think that the amendment he will table reflects the concerns that people had about how removing the jury could effectively remove the reason for an inquest in the first place?

**Mr. Straw:** I in turn am grateful to the hon. Gentleman for his response. I might be old-fashioned, but I take the view that the place to make announcements is in the House of Commons—[Hon. Members: "Hear, hear!"] One does one's best in that regard.

Of course I understand that the whole House—not least those on the Opposition Front Bench and the Liberal Democrat spokespeople—will wish to reflect on the detailed wording of the amendment, but I hope and believe that it will meet the concerns that have been expressed. First, there was concern that the criteria for the initial certification by the Secretary of State were too wide. The criteria have been narrowed, and it will no longer be sufficient for the Secretary of State to have the opinion that a non-jury inquest is required; they will need to decide themselves that it is necessary.

Secondly—this is crucial, as this objection was raised on both sides of the House—the decision about whether to hold a non-jury inquest will not be a matter for the Secretary of State. It will be a matter for the High Court coroner, and I am sure that he or she will, in every case, look first at whether special measures of the kind adopted in the criminal courts—including the gisting of secret information to a jury—would be adequate. It is my hope that, in most cases, they will.

**Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): Would I be right in thinking the special measures will include the use of public interest immunity certificates? The last time this matter was discussed on the Floor of the House, the Justice Secretary said that this would not work because the judge might decline to make the order. However, that would have been appealable, as is this proposal. Am I right in thinking that these measures will include PII certificates?

**Mr. Straw:** The difficulty with using just public interest immunity certificates is that, when a PIIC is refused in a criminal case, the prosecution can, in extremis, withdraw the prosecution, but there is no possibility of withdrawing an inquest. That is because an inquest is triggered by a death, not by a discretionary criminal charge. That is why we have come up with this proposal. There will be circumstances—although I think they will be very few and far between—in which the learned judge might decide that the only way the protected information can be the subject of a proper judgment by the court while remaining protected will be for the judge to sit alone without a jury. I hope, however, that in many cases, the judge will come to the view that it will be adequate for the protected information to be gisted or summarised in a safe way to the jury.

**David Howarth** (Cambridge) (LD): Any movement on this issue by the Government is to be welcomed, although Opposition Members will have to study the details of the proposals. Will the Secretary of State confirm that he now accepts the point of principle that there is a difference between removing a jury and holding proceedings behind closed doors? Does he acknowledge that those are different issues that need to be decided separately? Will he also confirm that one possible special measure would be to security-vet the jury?

**Mr. Straw:** Special measures involving a jury and the removal of a jury are part of a continuum. The most extreme measure is for a judge to sit alone, and the decision to do so will have been reached in order to protect information that cannot be made public. A judge could decide to protect that information in other ways, however, and it would be for the judge to come to a view on that. I doubt very much that they would form the view that the vetting of the jury would be adequate, but they might do so.

**Mr. Henry Bellingham** (North-West Norfolk) (Con): Does the Secretary of State acknowledge that he has consistently argued his case in favour of secret inquests on the basis that two inquests had to be halted because the existing safeguards were inadequate? That is the argument that he put to the House on 26 January on Second Reading. Is he aware, however, that the Under-Secretary of State for Justice, the hon. Member for Lewisham, East (Bridget Prentice), has now written to the Committee to explain that one of those inquests—that into the death of Terry Nicholas—was resumed on 6 January? Is that not quite staggering? Surely his argument must now fall apart, because he gave the House inaccurate information.

**Mr. Straw:** I think the hon. Gentleman will find that the second inquest was resumed on 6 February, which is a non-trivial fact because it is after I made my Second Reading speech rather than before. This is what the Under-Secretary of State for Justice, my hon. Friend the Member for Lewisham, East (Bridget Prentice), has just told me, and if she is wrong she will be given career advice at the end of Question Time and I will make a grovelling apology. In any event, we have always made it clear that the circumstances in which a non-jury inquest might be necessary would be few and far between. I hope that the House will regard it as a good thing rather than a bad thing that, as a result of further examination of the original circumstances that led to the judgment that two of the inquests had to be held without a jury, we have now got the number down to one. Surely that is a good thing.

## Restorative Justice (Lancashire)

4. **Mr. Gordon Marsden** (Blackpool, South) (Lab): Whether he plans to increase the number of restorative justice programmes in operation in Lancashire. [263749]

**The Parliamentary Under-Secretary of State for Justice (Mr. Shahid Malik):** Lancashire police are among the best performing in the country and one of the leading forces nationally in developing restorative practices. Owing to the successes experienced in areas such as Lancashire, the Government want to see an extension of restorative programmes. To that end, we are currently working with interested groups, including the Restorative Justice Consortium, to develop a national victim-focused restorative justice strategy for adult offenders.

**Mr. Marsden:** I warmly welcome my hon. Friend's support for the pioneering developments in Lancashire, which include a peer pilot project for younger people. Will the Minister tell me whether the Government have made an assessment of the impact of this project, particularly on reducing antisocial behaviour among young people, and will he tell me how best practice from the project can be disseminated to benefit my constituents in Blackpool?

**Mr. Malik:** Peer panels, to which my hon. Friend refers, are a Nacro-led project. An independent evaluation of them is now in its second year of a three-year pilot, so it is too early to judge the success. Having said that, there has been a lot of positive feedback and we have seen an increasing number of referrals from the police, youth offending teams, schools, primary care trusts and so forth. Any lessons we identify from the pilot will be fed back into the centre further to inform the development of the restorative justice strategy.

## Departmental Information Sharing

5. **Mr. Adrian Sanders** (Torbay) (LD): What the Government's policy is on increased information sharing across Departments; and if he will make a statement. [263750]

**The Minister of State, Ministry of Justice (Mr. Michael Wills):** Sharing information across Government Departments in a safe and proportionate way, with proper safeguards in place, is vital to the delivery of modern public services. That has always been Government policy.

**Mr. Sanders:** Many of my constituents are very concerned about clause 152 of the Coroners and Justice Bill, and I greatly fear that, whatever reassurance the Minister can give, unless there is some absolutely categorical mechanism for protecting information, people will not be reassured that their details are safe.

**Mr. Wills:** I am grateful to the hon. Gentleman, and I hope it will give his constituents some reassurance to know that we have withdrawn the clauses that they are worried about.

**Dr. Tony Wright** (Cannock Chase) (Lab): On information sharing, we have today received the shocking report from the Healthcare Commission on the Mid Staffordshire NHS Foundation Trust. In the course of that report, the commission says:

"We thought that information from the coroner would be useful for the investigation. We were disappointed that he declined to provide us with any information about the number or nature of inquests involving the trust."

May I ask my right hon. Friend to make some inquiries into why that was so?

**Mr. Wills:** I can of course give my hon. Friend that reassurance, and I will write to him as well.

**Mr. James Gray** (North Wiltshire) (Con): We all greatly welcome the withdrawal of clause 152 from the Coroners and Justice Bill, but can the Minister explain why it is that, although a moment ago the Secretary of State made great play of the fact that he had made the first announcement on jury-free coroners trials to the House, the announcement about the withdrawal of clause 152 was made not to the Bill Committee, of which I am a member, but to the Sunday newspaper *The Observer* two days earlier?

**Mr. Wills:** I think that if the hon. Gentleman looks at the *Hansard* record of the Committee stage, he will find that the Under-Secretary of State for Justice, my hon. Friend the Member for Lewisham, East (Bridget Prentice), made it absolutely clear that we would revisit the clauses concerned. Let me reassure the hon. Gentleman that the commitment of my right hon. Friend the Secretary of State to the principle of parliamentary accountability remains inviolate.

**Mr. Dominic Grieve (Beaconsfield):** Although I welcome the Secretary of State's belated U-turn on proposals in the Coroners and Justice Bill for unlimited data sharing across Government, does he accept that the appalling case of John Worboys, who was reported to the police by 85 different women, demonstrates that the Government's approach, involving relying robotically on databases that are badly run, in fact exposes the public to greater risk?

**Mr. Wills:** Let me address several of the points of contention raised by the hon. and learned Gentleman. First, what he regards as a U-turn, we regard as a proper process of parliamentary scrutiny. What should happen with legislation is that the Government bring it to Parliament, it is then scrutinised, and when, on occasion, the Opposition make a reasonable point, we respond appropriately. In the case cited by the hon. and learned Gentleman, it became clear that the powers were drawn too widely. We have therefore withdrawn them, will redraft them, and propose to introduce data-sharing powers in future, precisely because we believe that they can be in the public interest if they are implemented safely and if they are proportionate.

We do not implement such measures "robotically", as the hon. and learned Gentleman claims. We bring them into play so that they can serve the public, and there are many examples of data sharing which do just that.

**Mr. Grieve:** The Minister is flannelling his way around the Government's U-turn, seeking to conceal the fact that he has given no answer to the second part of my question. Last week we learned that £41 million had been squandered on the Department's IT database, which was designed to enable police, prisons and the probation service to monitor dangerous criminals. Now it has been abandoned. The National Audit Office has referred to

"inadequate oversight by senior management"

and

"no evidence of Ministerial involvement beyond them receiving standard summarised briefings".

Presumably the Minister remembers those.

Today we learned that parole decisions on dangerous prisoners were being undermined because of basic failures to provide the timely and complete information required. Does the Minister accept that no database can compensate for the basic human errors that are resulting from the Government's very poor management and serial incompetence when it comes to data?

**Mr. Wills:** The hon. and learned Gentleman really ought to have a look at his questions again before he asks them. He keeps returning to the same points. [HON. MEMBERS: "Robotic!"] Yes—in a robotic way.

The fundamental point remains that the creation of databases can be in the public interest. It is never easy to get these things right, but I think that if the hon. and learned Gentleman looks at the record of the private sector, just as much as that of the public sector, it will be clear to him that we all have a great deal to learn. We are learning those lessons, however. We have put measures in place constantly to improve data security. I entirely accept that we have some way to go, but the fact that there have been deeply regrettable breaches of data security is no reason for us to turn our back on all the public good that can be done by the creation of databases in the public interest, subject to the principles of data protection.

## Alternatives to Prosecution

6. **Mr. Andrew Turner** (Isle of Wight) (Con): What recent discussions he has had with ministerial colleagues on the criteria for dealing with offences by means other than prosecution. [263751]

**The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw):** Policing in England and Wales has always depended for its effectiveness on policing by consent, which in turn has required a high level of discretion within relevant guidelines—not least in regard to arrest, charge and other disposals—to be exercised by police officers and prosecutors. Out-of-court-disposals are, therefore, as old as policing itself. What we have

done is ensure that their operation is transparent, consistent and proportionate. While, under us, crime has been falling year by year—by 39 per cent. over 12 years—the level of convictions by courts has been broadly stable.

**Mr. Turner:** I thank the Secretary of State for his answer, but the problem is that if, for example, someone parks their car in the wrong place for 10 minutes, they can get a fixed penalty of £120. Does the Secretary of State not understand that my constituents, along with people all over the country, believe that theft and criminal damage, which are often dealt with by a fixed penalty of £80, are far more serious offences? What will he do to restore public confidence that the punishment fits the crime?

**Mr. Straw:** I accept the basis of the hon. Gentleman's question; parking offences are a nuisance, but the two other offences he mentions are, of course, more serious. As I have said to his party colleague, the hon. Member for Vale of York (Miss McIntosh), I am looking at whether penalty notices for disorder involving dishonesty—the only one directly is that of shop theft—should continue to be subject to PNDs or should be subject to normal court process.

**Mr. Roger Williams** (Brecon and Radnorshire) (LD): Fifty-seven per cent. of serious offenders in Dyfed-Powys escape prosecution and are cautioned. That is compared with an all-Wales average of 36 per cent. and a rate of 22 per cent. in the North Wales police area, which is the local police force of one of the Department's Ministers. When figures vary so much across police force areas, are they audited by the Department to see whether they comply with any guidelines that are issued for the cautioning of serious offenders?

**Mr. Straw:** I have sat in this House for almost 30 years listening to lectures from Liberals and then Liberal Democrats about localism and the need for local areas to decide things for themselves without some central state direction, but now the hon. Gentleman wants a national dirigiste formula to be applied to Dyfed-Powys in the same way as anywhere else, without any local discretion whatever. He therefore needs to think again about the philosophical base of the party that he claims to represent. The other point I would make to him is this: overall, the reoffending rate in respect of reprimands stands at 28 per cent., which is significantly lower than that for those who receive a disposal order or those referred to custody. Reprimands can therefore play an important part in ensuring that offending is nipped in the bud, provided, of course, that the offence is not sufficiently serious to warrant a prosecution straight away.

## Child Pornography

7. **Mr. George Howarth** (Knowsley, North and Sefton, East) (Lab): What assessment he has made of the adequacy of sentences imposed on those convicted of child pornography offences. [263752]

**The Parliamentary Under-Secretary of State for Justice (Bridget Prentice):** In 2000, we increased the maximum sentences available for production and distribution of indecent images of children from three years to 10 years, and for the simple possession of indecent images from six months to five years' imprisonment. The average custodial sentence imposed by the courts has increased by several percentage points since the new maximum penalties were introduced.

**Mr. Howarth:** I thank my hon. Friend for that answer. Does she agree that not only are images based on real children unacceptable, but so too are images that people use for these purposes that they have generated either from their own imagination or electronically? Will she give the House an assurance that her Department will not be going down the route of believing that those sorts of images are a matter for the individual concerned and their own conscience?

**Bridget Prentice:** I can absolutely give my right hon. Friend that assurance. He will have been as surprised as I was when in the Coroners and Justice Public Bill Committee the Opposition spokesman, the hon. and learned Member for Harborough (Mr. Garnier), said that he felt that our clause was, perhaps, over-egging the pudding. I do not for one minute think that taking action against these people in this way is over-egging the pudding. We need to protect our children.

**Sir Paul Beresford** (Mole Valley) (Con): My own discussions with the police dealing with the child sex offender area has confirmed that many of the sentences are clearly inadequate, especially compared with what Parliament intended. Why have Ministers consistently declined to add the child pornographic offences to sections 35 or 36 of the Criminal Justice Act 1988, thus allowing appeals against lenient sentences?

**Bridget Prentice:** I know that the hon. Gentleman has taken a great deal of interest in this area and has worked very hard to try to protect children. We have decided to go down the road that we have because we want to work with the industry, giving it the opportunity to regulate itself. Of course, if that does not work, we are prepared to legislate, if necessary, to ensure that children are properly protected.

## Burial Ground Memorials

10. **John Mann** (Bassetlaw) (Lab): What assessment he has made of levels of implementation of his Department's guidance on managing the safety of burial ground memorials. [263755]

**The Parliamentary Under-Secretary of State for Justice (Bridget Prentice):** I understand that those involved—undertakers, local authorities, crematorium managers and the like—have disseminated the recent guidance to burial ground managers. It is a little too early to make a detailed assessment of the implementation, but practitioner representatives have agreed to provide regular feedback and we will be undertaking a sampling survey of burial grounds within the next 12 months.

**John Mann:** The new guidelines are a long overdue improvement in health and safety in graveyards, but the January newsletter of the local authority Institute of Cemetery and Crematorium Management describes them as creating a "dilemma" for local authorities and having "no logical basis". The Minister has issued excellent

guidance to sort out this scandal of health and safety zealousness in graveyards, but the local authorities are snubbing her and the Health and Safety Executive. What is going to be done to pull them into order and get rid of the nonsense of staking graves and laying down graves all across Britain?

**Bridget Prentice:** It is important that the House recognises the zealousness with which my hon. Friend has pursued this issue, and it is very much down to his campaigning that the guidance has been introduced—I congratulate him on that. My officials have discussed this with the crematorium managers organisations, and they have assured us that they welcome the guidance in principle and that they will participate in arrangements to monitor its implementation. I take this opportunity to say again that where there is no need for a memorial to have been staked or laid down, we would expect the cemetery operator responsible to consider restoring it. The guidance recommends that neither mechanical pressure testing nor stakes should be used routinely, and although there may be the occasional case where careful and sensitive use of such equipment might be appropriate, it is clear that it is not appropriate in the vast majority of cases. We will continue to pursue that policy and encourage local authorities to do so too.

## National Offender Management Service

11. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent representations he has received on the performance of the National Offender Management Service. [263756]

**The Minister of State, Ministry of Justice (Mr. David Hanson):** The National Offender Management Service publishes its key targets each year and, from time to time, representations are received about a range of aspects of NOMS performance. I have regular meetings with interested parties and discuss a range of issues relating to NOMS regularly.

**David Taylor:** Last week's National Audit Office report on C-NOMIS excoriated senior NOMS management for an information and communications technology project whose lifetime costs have tripled to £700 million in just three years. I exculpate the Minister, who is a very able man of great integrity, but what should be done about the lamentable failures of that ill-conceived, incoherent and incompetent organisation? Perhaps the guilty parties in EDS, Syscon and NOMS could be locked up for egregious negligence as a pilot group in one of the Minister's fabled titan prisons—if there is one big enough.

**Mr. Hanson:** I take it from that that my hon. Friend has some concerns about how the project was managed. He mentioned a figure of £700 million. On assuming this office, I took steps to review the C-NOMIS project and to put a moratorium on it when the costs were £155 million, in order to avoid the £700 million bill that I would have expected to receive had the project continued under the proposals at the time. There were difficulties in the project, but we have put it back on track. We have revised the costings, the project will be completed by July next year, at the latest, and thanks to the actions we took it will cost significantly less than was projected in the first place. I take my hon. Friend's point and I recognise the serious failings that the NAO drew to our attention.

## HMP Wymott

12. **Mr. Lindsay Hoyle** (Chorley) (Lab): What reports he has received on the recent roof-top protests held at HMP Wymott. [263757]

**The Minister of State, Ministry of Justice (Mr. David Hanson):** I was informed on the same day that the recent roof-top incident took place and have been updated since.

**Mr. Lindsay Hoyle** (Chorley) (Lab): I thank my right hon. Friend for that answer, but concerns remain. Has the governor still got control over Wymott? Who is running the prison? We have seen an increase in prisoner numbers and a reduction in prison officer numbers, so the ratio has changed, and my deep concern is that that is leading to the protests. What can my right hon. Friend do to ensure that the governor has control and to put in more prison officers as the prison population continues to grow?

**Mr. Hanson:** I have full confidence in the governor. The incident is, obviously, to be regretted, but steps have been taken to improve security at the site, including work on the roof to ensure that access will not be available again. One of the prisoners involved in the incident has been moved, and the other two will shortly be subject to potential disciplinary action. There is positive activity at Wymott—a new prisoner wing for 70 prisoners opened in September 2008—and I have visited it and Garth, which is next door, in the past year. I met prison officers and the governing team, and we have an opportunity to continue to build on the success of the prison. I hope that my hon. Friend will accept that we are doing all that we can to ensure that the prison continues to make progress.

## Topical Questions

T1. [263771] **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

**The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw):** The House will wish to be aware that the Under-Secretary of State for Justice, my hon. Friend the Member for Lewisham, East (Bridget Prentice), has today announced strengthened regulation of the bailiff industry, including an online register and better criminal record checks. At the same time, we will not extend bailiffs' powers of entry or the use of force, or commence charging order reforms.

On the issue of my hon. Friend and her career, may I make it clear that the hon. Member for North-West Norfolk (Mr. Bellingham) was correct and I was wrong. I apologise to the House. By way of mitigation on behalf of my hon. Friend, I should say that Ministry of Justice officials and Ministers were not aware of the decision of the coroner of 6 January until 19 February, which was after Second Reading. I ask for that to be taken into consideration.

**Mr. Sheerman:** Does my right hon. Friend agree that the honesty and probity of our legal services are very important for the future of the financial, legal and other services that we will continue to sell abroad? Does he share my concern and that of the Public Administration Committee that many of the big law firms are deeply involved in lobbying? If lobbying and the law become intertwined, we are in danger of experiencing the same problems as we had in accountancy, for example with Enron, when the two responsibilities of management consultants and accountants were merged and disaster ensued. There are some real problems with people who come here as lawyers but who are actually lobbyists, and something should be done.

**Mr. Straw:** I understand the point that my hon. Friend makes, but this is the first time that this particular issue has been raised with me. Of course I will follow up the specific case that he has in mind, but I should also say that this and the other place agreed to establish the Legal Services Board, which now has a tough chairman in Mr. David Edmonds, to ensure the more effective regulation of the legal profession, including cases in which alternative business models are adopted.

T3. [263774] **Dr. Julian Lewis** (New Forest, East) (Con): I thank the Minister for allowing a free vote on the issue of the keeping of candidates' addresses confidential, if they so wish, at election time. I also thank him for the excellent assistance that I received from his officials in making it possible to draft such a satisfactory clause, which has now gone to the other place. Given that this House has expressed its view—in a free vote by every party, apart from the Liberal Democrats—does he agree that it would be bizarre if the unelected House were to try to interfere with the clause? Can he give any indication of the attitude the Government will take in the other place on the fulfilment of the wishes of this House? If the matter comes back here, will he guarantee that we will have enough time for a full debate on the subject?

**The Minister of State, Ministry of Justice (Mr. Michael Wills):** I thank the hon. Gentleman for his graciousness, particularly towards the officials. They are not often mentioned in this House, and when they are it is not always complimentary, but they do a fantastic job and so I am extremely grateful to him for those gracious words.

On the matter of substance, we took the view very seriously that the subject was a matter for this House, and hence there was a free vote. We took a great deal of trouble to ensure that the measure came to this House first, because we thought that it was proper for those who were elected to make a decision on their behaviour during elections and on what information they should make available. I am quite sure that those in the other place will take due account of that and behave appropriately. Of course, we will have to see what they do. When we have seen what they have done, we will make a decision about what will happen when the measure comes back here.

T2. [263773] **Mr. Gordon Marsden** (Blackpool, South) (Lab): Concern about the number of adults with learning difficulties who remain in prison continues to be very strong. Will my right hon. Friend look carefully at the proceedings of the Westminster Hall debate on adults with learning difficulties that took place a couple of weeks back? In particular, will he look at the comments made by our hon. Friends the Members for South Thanet (Dr. Ladyman) and for Hendon (Mr. Dismore) about the number of adults in the system who do not get the right sort of advice or assistance, particularly when they are trying to go forward for parole? The issue is important and it is one on which it would be useful to hear of some proactivity from the Department.

**The Minister of State, Ministry of Justice (Mr. David Hanson):** I thank my hon. Friend for those comments. I shall certainly look at the debate that took place several weeks ago in Westminster Hall. As it happens, we have also been well engaged with the Prison Reform Trust on this issue. I attended the launch of the "No One Knows" programme last November with the director general of the National Offender Management Service to look at a range of issues to do with how we can support people with learning difficulties. As my hon. Friend will know, a number of individuals have found themselves in prison whose learning difficulties are contributing to their having a much more difficult time there than would otherwise be the case. It is important that we look at the recommendations. As we said at the conference in November, we welcome the recommendations and will look at how we can address them in a serious and practical way.

T4. [263775] **Mr. John Baron** (Billericay) (Con): The Minister will be aware of concerns caused among local communities by ClearSprings's plans to house offenders on early release in residential areas. Given that ClearSprings has already had to back off from Basildon council once over a row about inadequate consultation, will the Department revise its contract with ClearSprings to ensure that local councils and residents are properly consulted as soon as ClearSprings starts looking in an area?

**Mr. Hanson:** I am grateful to the hon. Gentleman for his views. He will know that, of the ClearSprings properties across the country, only about 6 per cent. have caused difficulties once operational. We will shortly re-tender for the contract. I am also in discussions with the Local Government Association to decide on a protocol on the question of consultation, which the LGA has almost agreed on a cross-party basis. It is important that probation, police and local councils are consulted on these matters, but the hon. Gentleman should remember that properties are very often the private homes of individuals who are sometimes yet to be convicted, on bail following offences, or returning from prison to the community for the first time. Those homes are private property, so there is an element of discretion around the issues.

T5. [263776] **Mr. Gordon Prentice** (Pendle) (Lab): Tomorrow, the Political Parties and Elections Bill goes into the House of Lords, where Lord Campbell-Savours will table my amendments, which were backed in this house by 216 MPs but were not reached for procedural reasons. May I ask my friend the Minister why the Government will not table their own amendments to make it unlawful for tax exiles to bankroll UK political parties?

**Mr. Straw:** I have had some private discussions with my hon. Friend, to which he has given a wider audience. As I have explained to him, I think that his intention is shared across the House. However, his proposals would not have the consequences that he seeks. Moreover, there is quite an issue of principle here: it would be eccentric, to say the least, if the eligibility rules governing voting and receiving money from permissible donors, as well as standing for and taking up a seat in a Parliament, were less stringent than those governing giving money to a political party. I think that there needs to be consistency on this, and that is why we need a thorough examination of all these issues of residence and citizenship as qualifications for taking part in our democratic process.

T9. [263776] **Tom Brake** (Carshalton and Wallington) (LD): Earlier today, I had a meeting with representatives of the Federation of Small Businesses. They are very worried about the under-reporting of crime and say that, if the crimes that are not reported by business were taken into account, business crime would account for a third of all crime. They told me that one reason for businesses not reporting crime is that they are not convinced that any action will be taken, and that they believe that sentences are very lenient even when it is. What reassurances can Ministers give that the Government are really serious about tackling business crime?

**Mr. Straw:** Although I am in contact with the national Federation of Small Businesses and have great contact with small businesses locally, that representation has not been made to me before. We have increased the number of police officers over the past dozen years, and there has been an even greater increase in the numbers of support staff for the police. We have improved their systems and, as the Liberals are constantly complaining, we have increased the prison population and prison capacity by a third. As a result, the courts can hand out much tougher sentences for people convicted of crimes, including business crime. Once again, the Liberals need to work out what they want. They need to ensure that hon. Members on their Front Bench stop asking us to cut the prison population when those on their Back Benches are calling for an increase in the prison population—which is what we have provided.

T6. [263777] **Mrs. Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): Will my right hon. Friend assure me that he is giving full and urgent consideration to new information in favour of Michael Shields? Does he recognise the strength of support for Michael, in Liverpool and across the country?

**Mr. Straw:** I do indeed recognise the strength of that support. If I may, I should like to commend the way that my hon. Friend has represented the interests of her constituent and his family. I can answer the first part of her question by saying that, yes, we are giving this matter more consideration—quite appropriately—than I have ever given to any other case of this kind in my roles as Home Secretary, Foreign Secretary and now Justice Secretary. As she will be aware, I have asked the Merseyside police urgently to conduct further investigations and interviews of further witnesses so that we can come to a view in the light of the criteria set down by the Court of Appeal.

**Christopher Fraser** (South-West Norfolk) (Con): Norfolk is one of eight areas that have piloted the youth restorative disposal scheme. Will the Minister assure the House that the departmental cuts of £900 million over the next two years will not affect those programmes?

**Mr. Straw:** I am happy to look in detail at what the hon. Gentleman says, as will the Minister of State, my right hon. Friend the Member for Delyn (Mr. Hanson). However, the hon. Gentleman may be aware that I visited Norfolk 10 days ago to open the new headquarters of the Norfolk probation service. I was able greatly to commend the work of Norfolk's police, probation service, courts and local authorities in working together to get crime down. They have made streets and communities much safer, and we are determined to ensure that that work continues.

T7. [263778] **Dr. Tony Wright** (Cannock Chase) (Lab): We have been waiting for more than 150 years to put the civil service on a proper constitutional footing. The Prime Minister announced that that was to be the unfinished constitutional business that the Government would complete, so will my right hon. Friend confirm that it will be this Government in this Session who will complete it?

**Mrs. Eleanor Laing** (Epping Forest) (Con): Hear, hear.

**Mr. Straw:** I am very glad to hear that the hon. Lady endorses what my hon. Friend has said. Subject to any unanticipated glitches, it remains my intention that the necessary Bill will be brought forward, and it is currently in the final stages of drafting. The idea is that it will be a carry-over Bill that will be brought forward in the spring and then, if necessary, carried over into the next Session.

**Bob Spink** (Castle Point) (Ind): What progress has been made in ensuring that regional electoral returning officers can make sure that constituency returning officers obey and implement the law to prevent electoral fraud, because they have sometimes been found wanting?

**Mr. Wills:** Of course, we are always looking at how to improve the ways that electoral fraud is tackled, and electoral registration officers have a valuable role to play. We are looking at recommendations by the Electoral Commission in this area; and of course, we will introduce any proposals as soon as they are ready.

T8. [263779] **John Robertson** (Glasgow, North-West) (Lab): My right hon. Friend will be aware that the consultation period on the House of Lords decision on pleural plaques has long passed, and is it not time that we had a result? Will he not consider ensuring that pleural plaques sufferers are looked after, that that decision by the House of Lords is overthrown and that those people will at last receive justice?

**Mr. Straw:** My hon. Friend is correct to say that the consultation period has now finished, and we are now actively considering—indeed, I attended a meeting this morning—the next steps in that respect. Of course, I understand the concerns that he expresses on behalf of his constituents.

**Simon Hughes** (North Southwark and Bermondsey) (LD): Following the conviction last week of my constituent, John Worboys, for a series of very serious offences against women who put themselves under his responsibility, trusting that he would behave, will the Home Secretary assure us that he will have conversations with the Director of Public Prosecutions, the Crown Prosecution Service and the Home Office, so that where people have been arrested on suspicion of very serious offences, none the less and without infringing their liberties that information is not lost when similar offences are clearly being repeated in the same area or elsewhere?

**Mr. Straw:** I noticed the hon. Gentleman's slip of the tongue; I am no longer Home Secretary. I will certainly ensure that what he says is passed on to my right hon. Friend the Home Secretary and taken into account. Of course, there is a wider issue of similar fact evidence, and one of the issues that we pursued—I do not remember getting a huge amount of help from the Liberal Democrats—was to ensure that it was easier to introduce such evidence in criminal prosecutions. I think that we were told at the time by the Liberal Democrats that that would be the end of civilisation and human rights. Yet again, they need to sort themselves out; they say one thing locally and another thing nationally.

## BILL PRESENTED

### PROTECTION OF SHAREHOLDERS BILL

*Presentation and First Reading (Standing Order No. 57)*

Mr. William Cash, supported by Mr. Frank Field, presented a Bill to make provision for each public company to establish a shareholders' committee; to make provision about the membership, functions and operation of the committee; and for connected purposes.

*Bill read the First time; to be read a Second time on Friday 26 June, and to be printed (Bill 76).*

## Points of Order

3.33 pm

**Mr. David Kidney** (Stafford) (Lab): On a point of order, Mr. Speaker. The Healthcare Commission has today produced a report about Stafford hospital that is very damning about standards of care there. Although the report was embargoed until tomorrow, all the reporting is happening today, which shows how widespread the interest in the subject is and its seriousness. Have you received any intimation yet that the Secretary of State for Health will come to the House to make an oral statement about the situation at the hospital?

**Mr. Speaker:** It is a very worrying time for the hon. Gentleman's constituents. It is not a matter for the Chair, as he might understand, but the Secretary of State concerned will have heard his comments today in the Chamber.

**Mr. William Cash** (Stone) (Con): Further to that point of order, Mr. Speaker. My constituents in Stone are also gravely affected by the Healthcare Commission report. Do you not agree that it is right that the Secretary of State should come to the House? I tabled a question asking him whether he will come to the House to make a statement and to explain the situation, in view of the fact that the Healthcare Commission has said that the hospital has been very badly let down and that there have been appalling standards in the hospital?

**Mr. Speaker:** I have a hospital in my constituency, which, of course, is devolved now, but I would be very worried indeed if such a report came about on that hospital. Thank God, that has not happened. The hon. Gentleman will understand my position. I can only say that the Secretary of State will have heard his words and those of the hon. Member for Stafford (Mr. Kidney).

**Matthew Taylor** (Truro and St. Austell) (LD): On a point of order, Mr. Speaker. I should say that the hon. Member for Hertford and Stortford (Mr. Prisk) is aware that I have sought to raise this point of order on behalf of a number of Members, and in the long-term interests of all of us in the House.

Mr. Speaker, you will be aware that you and successive Speakers have underlined the fact that MPs who take up local casework and local issues outside their constituencies break a very clear convention by which the House operates, but the Conservative party appears to be trying to get round the convention by appointing so-called shadow Ministers for groups of constituencies that they do not represent, on the basis that that somehow legitimises what they are doing. For example, the hon. Member for Hertford and Stortford, operating as the shadow of the fictional Minister for Cornwall, is as a matter of course taking up local casework. I can supply your office with numerous examples. For instance, this month, while sorting out a local problem for a local arts organisation, I discovered that the shadow of the fictional Minister had also presumed to act on its behalf. In every case, the activity undertaken by him as the shadow of the imaginary Minister for Cornwall mirrors work of local MPs and is clearly done for party political purposes.

*[Matthew Taylor]*

He is using membership of this place to raise constituency issues as though he were, in effect, a shadow local Member of Parliament.

The hon. Gentleman refuses to deny allegations that he claims his travel costs for that party politicking from Commons allowances designed to support genuine shadow ministerial visits and that he uses his parliamentary office to support that party political activity. My question is simple: is that acceptable under the conventions governing us, and if so, should all the parties now feel free to appoint Members of Parliament as shadow Ministers for constituencies, so that they can act on local issues for party political advantage, and go over the heads of the local MP?

**Alan Duncan** (Rutland and Melton) (Con) *rose—*

**Mr. Speaker:** I must answer the point of order raised by the hon. Member for Truro and St. Austell (Matthew Taylor) before anyone else comes in. I understand that he forewarned the Member whom he complains about, who is here in the Chamber. I only wish that Members would not interfere in other constituencies. I also wish that these disputes were not brought to me, but as this dispute has been brought to me, I say this: I do not expect any hon. Member of this House to take up cases other than those in their own constituency. It is wrong. Each individual Member of Parliament jealously guards the fact that their constituency, its boundary and all those within it are there to be looked after by them. I am a constituency MP in my own right, and I would not like it if someone took up cases in my constituency. I am not telling anybody off; I am just saying that everybody in this country has a constituency MP, and they should go to that constituency MP. If someone comes to a Member of Parliament in another constituency, the case should be forwarded to the local MP. That is clear, and it is common sense. If the hon. Member for Rutland and Melton (Alan Duncan) has nothing to say, I think that we should stop the matter there. I think that I have said enough.

## Food Labelling Regulations (Amendment)

*Motion for leave to introduce a Bill (Standing Order No. 23)*

3.38 pm

**Mr. Richard Bacon** (South Norfolk) (Con): I beg to move,

That leave be given to bring in a Bill to amend the Food Labelling Regulations 1996 to provide for information about the country of origin of food to be made available to consumers; and for connected purposes.

Many Members from across the House have attempted to improve the law on food labelling, including my hon. Friends the Members for Eddisbury (Mr. O'Brien) and for Brentwood and Ongar (Mr. Pickles), and the hon. Member for Warrington, South (Helen Southworth). This is my third attempt, and I keep going because there is widespread support for the idea that consumers should have clearer, more accurate and more honest information about the food that they buy.

My Bill has the support of Members across the House and is intended to deal with one particularly pernicious problem in relation to food labelling, which is that consumers buying meat and meat products are routinely misled as to the country of origin due to inadequate and even deceptive labelling. The European directive 2000/13/EC relating to the labelling of food makes it clear that

"The prime consideration for any rules on the labelling of foodstuffs should be the need to inform and protect the consumer."

It goes on to state:

"Detailed labelling...is the most appropriate since it creates fewest obstacles to free trade",

and that

"The rules on labelling should also prohibit the use of information that would mislead the purchaser".

The British rules on food labelling are set out in regulation 5 of the Food Labelling Regulations 1996, which were introduced prior to the European directive, but which cover much the same ground. This states that all food to which the regulations apply

"shall be marked or labelled with . . . particulars of the place of origin or provenance of the food if failure to give such particulars might mislead a purchaser to a material degree as to the true origin or provenance of the food".

One could be forgiven for thinking that the law was already quite clear and sufficient. Unfortunately, that is not the case and consumers continue to be misled.

On some foodstuffs no indication is given at all that the product is made with imported meat, such as the label on a Tesco chicken dinner in a range of children's meals, which simply states "Produced in the UK", when the chicken actually comes from Thailand. Sometimes a phrase will be used to imply country of origin—for example, the Birds Eye Great British Menu range, which on closer examination turns out to be made with imported meat. Sometimes the label will be deliberately vague, as in the case of Sainsbury's roast chicken slices, which the label describes as "Produced from Brazilian or British Chicken".

At present producers of imported meat can lawfully use the Union flag on packaging to imply that the product is British when it is not, and they do so. Marks and Spencer has been selling a corned beef sandwich as part of its "nation's favourites" range with a Union flag that dominates the whole of the front of the label. In small letters on the back is the information that the beef

comes from Brazil. To its credit, Marks and Spencer has now recognised that customers may have been misled and is taking steps to repackage the product. That still raises the question why Marks and Spencer used the Union flag in the first place. There is a widespread problem. Consumers are being misled.

The aim of the European directive—to ensure that the rules prohibit the use of information that would mislead the purchaser—is not being met. The aim of the UK's own food labelling regulations, which call for place of origin labelling if failure to provide this might mislead a purchaser, is not being met. There is clear evidence that consumers want more information, and indeed consumers have a right to know. An ICM poll for the honest food campaign showed that 87 per cent. of consumers in the survey believe the Government should ensure that the country of origin is clearly shown on food products, and 89 per cent. believe that a product such as sausages or bacon labelled as "British" or "Produced in the UK" should mean that the sausages or bacon are from an animal reared in Britain.

The Secretary of State for Environment, Food and Rural Affairs said in January:

"A pork pie made in Britain from Danish pork can legitimately be labelled as a British pork pie."

He added:

"That's a nonsense, and it needs to change."

I agree, as does the Minister with responsibility for farming, the Minister of State, Department for Environment, Food and Rural Affairs, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), whom I am delighted to see in her place, and who is going down very well with farmers in my constituency. She recently appeared on the excellent programme on Channel 4, "Jamie Saves Our Bacon", and told Jamie Oliver that misleading labelling was "a disgrace", and I agree.

The right hon. Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), was an Agriculture Minister 10 years ago, and I am delighted to see him, too, in his place. He told the House in 1999:

"I want to give clear, unambiguous information on the real place of origin, not place of processing or place of slicing; I want to clamp down on misleading place of origin descriptions; and I want to make further progress by lobbying the European Commission and other member states for a system of clear country of origin labelling."—[*Official Report*, 28 October 1999; Vol. 336, c. 1126.]

There is long-standing cross-party support for my Bill.

On 31 October last year, just two days after my last Food Labelling Bill, the Food Standards Agency updated its food labelling guidance to include advice on country of origin labelling, which is welcome. The FSA acknowledges that

"many consumers see the place of origin as an important contributor to a product's identity, particularly for meat".

However, the FSA best practice guidance is not mandatory and the FSA merely describes its guidance as

"some suggestions that businesses may wish to consider".

Well, they may, or they may not, but it is clear that the new guidance has not prevented the abuses that I described a moment ago, which were found in the shops just last month. The FSA guidance recommends that Norwegian salmon smoked in Scotland should not be called "Scottish smoked salmon", but that is not compulsory and the danger remains that consumers will be misled.

Country of origin labelling will also benefit food safety. Retailers did their best to withdraw Irish pork products during December's dioxin scare, but packaging for Irish pork processed anywhere in the UK does not have to state "made with Irish pork", and it could still have been bought by unwary shoppers. Clear, mandatory country of origin food labelling would have stopped that happening.

There is no shortage of agreement that there is a problem; the question is what we do about it. My conclusion is that the time has come for honest food labelling to be made compulsory. Some people say that legislation on country of origin labelling would amount to a restriction on free trade, but that is simply to misunderstand what consumer choice is all about. It is very hard to see how providing consumers with clear and unambiguous information about where their food comes from could possibly be construed as protectionist.

More fully informed consumers do not protect particular market participants or hinder the operation of a marketplace—they make it work better. Some consumers wish precisely to make choices based on the origins of food. During the apartheid era, many people, finding apartheid abhorrent, understandably wished to avoid buying fruit from South Africa. Nowadays, people wish to know the origins of food to support, through their spending choices, high animal welfare standards or low food miles, for example.

There is widespread support from farmers to chefs to animal welfare bodies for better country of origin labelling. Compassion in World Farming believes that meat and products containing meat should be permitted to be labelled as British only if the animal from which the meat was derived was born, reared and slaughtered in Britain. The Royal Society for the Prevention of Cruelty to Animals has said that transparent labelling is vital in assisting consumers to make informed choices. The honest food campaign is supported by leading chefs such as Clarissa Dickson Wright, Hugh Fearnley-Whittingstall, Prue Leith and Rick Stein. My Bill focuses on meat and meat products, because with them lies the biggest problem of consumers being misled. The British Pig Executive has described country of origin labelling as a "key area for improvement".

There is some compulsory origin labelling already. A note from Transatlantic Consumer Dialogue, an international organisation representing some 80 consumer bodies, made the argument for my Bill rather well when it stated:

"The EU has no mandatory country of origin labelling except for fruit, vegetables, beef, fish, eggs and wine"—

it could have added honey and olive oil to the list. It is time for clear country of origin labelling for all meat. It is simplistic to suggest that consumers will automatically buy British; the key point is that consumers should be able to make an informed choice. Some consumers might want to buy authentic Spanish chorizo or German Wurst because they like the taste. That is their choice.

In conclusion, we have been waiting for years for a workable voluntary scheme for country of origin food labelling. The time has come to accept that honest food labelling requires the force of law. That is what consumers have the right to expect, and that is what my Bill provides. I commend it to the House.

*Question put and agreed to.*

*Ordered,*

That Mr. Richard Bacon, Alistair Burt, Keith Hill, Miss Anne McIntosh, Angus Robertson, Mr. James Paice, Mr. Richard Benyon, Mr. David Ruffley, Nick Herbert, Angela Watkinson and Sir Nicholas Winterton present the Bill.

Mr. Richard Bacon accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 75).*

# Welfare Reform Bill

*Consideration of Bill, as amended in Public Bill Committee*

## New Clause 1

JOBSEEKER'S ALLOWANCE

'Section 4 of the Jobseekers Act 1995 (c. 18) (amount payable by way of a jobseeker's allowance) is amended as follows—

(a) in subsection (1), omit paragraph (a), and

(b) omit subsection (2).'.—*(Lynne Jones.)*

*Brought up, and read the First time.*

3.49 pm

**Lynne Jones** (Birmingham, Selly Oak) (Lab): I beg to move, That the clause be read a Second time.

**Mr. Speaker:** With this it will be convenient to discuss the following:

New clause 8—*Work related activity: payment of additional premium*

'(1) In the Social Security Contributions and Benefits Act 1992 (c. 4), section 135 is amended as follows.

(2) After subsection (6) insert—

"(7) The applicable amount shall include an amount in respect of a work-related activity component if the claimant undertakes work-related activity as defined in section 2D(8)(c) of the Social Security Administration Act 1992 (c. 5).".'.

Amendment 42, in clause 1, page 1, line 8, after 'benefit"', insert 'pilot'.

Amendment 43, page 1, line 9, at beginning insert 'Pilot'.

Amendment 11, page 1, line 11, leave out 'imposing on' and insert 'offering to'.

Amendment 36, page 1, line 12, after 'circumstances', insert

'and where claimants have guaranteed and predictable access to good quality, affordable and flexible childcare which meets the needs of the parents and the child in the claimants' household.'.

Amendment 12, page 1, line 12, leave out 'a requirement' and insert 'an opportunity'.

Amendment 44, page 1, line 13, leave out 'designed' and insert 'personally tailored'.

Amendment 13, page 2, line 1, leave out 'require' and insert 'allow'.

Amendment 14, page 2, line 9, leave out from 'scheme' to end of line 12 on page 3.

Amendment 15, page 3, line 12, at end insert—

'(11) Any work undertaken by a participant in a "work for your benefits" scheme shall be—

(a) paid at an hourly rate of no less than the full adult minimum wage; and

(b) paid at an hourly rate no less than that of directly employed staff undertaking the same role.'.

Amendment 45, page 3, line 12, at end insert—

'(11) This section shall have no effect after 31 December 2013.

(12) Evaluation of these pilots shall have particular regard to—

(a) the impact on single parents,

(b) the impact on claimants identified as having health problems or disabilities,

(c) the impact on claimants identified as having low skills,

(d) the impact on claimants identified as having problems with substance misuse.

(e) the impact on the overall level of employment within organisations that operate work for your benefit schemes.'.

Amendment 16, page 4, leave out lines 12 to 20.

Amendment 17, in clause 2, page 4, line 22, at end insert—

'(A1) This section does not apply in the case of a single parent of a child aged seven years or younger.'.

Amendment 35, page 4, line 22, at end insert—

'(A1) This section does not apply in the case of a single parent with a child under five years of age.'.

Amendment 49, page 4, line 26, leave out from 'with' to 'continuing' in line 28 and insert

'providing a person who is entitled to income support an entitlement to undertake personally tailored work-related activity in accordance with regulations while'.

Amendment 18, page 4, line 26, leave out 'imposing on' and insert 'offering to'.

Amendment 19, page 4, line 27, leave out 'a requirement' and insert 'an opportunity'.

Amendment 20, page 4, line 28, leave out 'as a condition of' and insert 'while'.

Amendment 21, in clause 2, page 4, line 31, leave out 'imposing on' and insert 'offering to'.

Amendment 50, page 4, line 31, leave out 'imposing on' and insert 'entitling'.

Amendment 22, page 4, line 37, leave out 'a requirement' and insert 'an opportunity'.

Amendment 51, page 4, leave out lines 37 to 39 and insert—

'to access personally tailored work-related activity'.

Amendment 23, page 4, line 39, leave out 'as a condition of' and insert 'with'.

Amendment 24, page 5, leave out from line 2 to end of line 43.

Amendment 52, page 5, line 4, leave out 'requirement' and insert 'entitlement'.

Amendment 53, page 5, line 5, leave out 'requirement' and insert 'entitlement'.

Amendment 54, page 5, line 7, leave out from 'is' to end of line 10 and insert

'entitled to personally tailored work-related activity services can access those services and the amount of activity the person may access at any time.'.

Amendment 55, page 5, leave out lines 11 to 30.

Amendment 56, page 5, line 39, at end insert—

'(c) for requirements that reductions shall not be applied where they may have adverse consequences for the wellbeing of children in a household or may worsen the severity or extent of child poverty.'.

Amendment 25, page 5, leave out lines 47 and 48.

Amendment 57, page 6, line 34, leave out from beginning to 'may' in line 35 and insert

'An action plan must be reconsidered if the person to whom it is provided makes a request on reasonable grounds for reconsideration to occur and regulations'.

Amendment 58, page 6, leave out line 37 and insert—

'(a) the factors that may be taken into account in deciding reasonable grounds;'.

Amendment 59, page 6, line 44, leave out from beginning to end of line 14 on page 7.

Amendment 26, page 7, leave out from line 15 to end of line 8 on page 9.

Amendment 46, page 11, line 1, leave out Clause 4.

Amendment 47, page 15, line 41, leave out Clause 11.

Amendment 60, page 16, line 40, leave out Clause 12.

Amendment 61, in clause 19, page 23, leave out lines 38 to 45.

Amendment 62, page 23, line 46, leave out from beginning to end of line 10 on page 24.

Amendment 64, page 26, leave out lines 1 to 38.

Amendment 29, in page 31, line 24, leave out Clause 23.

Amendment 65, in clause 24, page 34, line 17, leave out from 'period' to 'in' in line 18 and insert 'of one week'.

**Lynne Jones:** Mr. Speaker, I am somewhat surprised to be called as I had not realised that my new clause had been selected, so please forgive me if I am not quite ready. The new clause calls for an improvement in the level of unemployment benefit. At present, this benefit is set at just over £60 a week for those over 25 and it is somewhat less for those between 18 and 25.

**John McDonnell** (Hayes and Harlington) (Lab): This is the removal of the younger rate.

**Lynne Jones:** I am not even sure which measure I am speaking to, but I am advised by my hon. Friend that this new clause would remove the lower rate that applies to young people.

**John McDonnell:** My hon. Friend tabled two excellent new clauses, the first of which would remove the younger rate and has now been selected. Unfortunately, the second, new clause 2, has not been selected. It would have increased the jobseeker's allowance by £15. However, we will return to that on Budget day, when I am sure that the Government will implement that measure.

**Lynne Jones:** I had finally got round to appreciating what my hon. Friend said, but I thank him for his intervention.

We are in a recession, and unemployment is rising. It would be somewhat disingenuous to suggest that people are unemployed through their own fault. I recall my right hon. Friend's the Prime Minister's maiden speech back in 1983, and my right hon. Friend, who probably had ambitions to become Prime Minister but did not realise that he would achieve them, spoke with great passion about the low levels of benefit paid to those then on unemployment benefit. He castigated the then Government for considering that benefit rates should be kept low because it would give people an incentive to get work. He made a good case explaining why that was absolute nonsense. Sadly, we are back in similar circumstances.

Unlike the Government then, the present Government are actively helping people to get back into work, and I support the assistance being given—the training, advice and help. However, where I do take issue with my Government is on the fact that they still feel that people need to be given disincentives, in the form of benefit

*[Lynne Jones]*

sanctions, in order to engage with the world of work. I disagree with that view, and so did the Prime Minister when he was a new Back Bencher.

**Mr. John Redwood** (Wokingham) (Con): Will the hon. Lady give us an idea of what she thinks would be a fair level of unemployment benefit?

**Lynne Jones:** The other new clause that I tabled, which unfortunately was not selected, would have increased the basic level of unemployment benefit of £60 a week by £15 a week. That would be equivalent to increasing benefit in line with earnings, as opposed to prices. For those under 25, the rate is even lower, and I challenge any hon. Member to live on £60 a week, which is the main rate of benefit, and the rate that my new clause argues should apply to younger unemployed people. It is an impossible sum to live on.

The Government have been very generous with other benefits, such as those for pensioners. We allow pensioners to live on no less than double the amount that is available as unemployment benefit and nearly three times the amount available to younger claimants. In addition to a more generous basic level of income, pensioners are quite rightly entitled to other sources of income and means of making life easier, such as free travel passes, the winter fuel allowance and the like.

**Steve Webb** (Northavon) (LD): The hon. Lady makes a very important point. Does she recall that the background of less money being paid to young people was the Tory changes of 1988? We moved from a system in which there was a householder rate and a non-householder rate, the presumption being that someone should get more if they had a house to run, to a system of an over-25 rate and an under-25 rate. That was done on the basis that the Tories thought that young people up to 25 ought to be living with their parents. Does she accept that the present system discriminates against young people who have to live independently, perhaps through no fault of their own? They are treated as non-householders, to use the old language, when in fact they may be householders.

**Lynne Jones:** I agree entirely, and I have personal experience of that. I had to leave home at 18, before I went to university, because conditions at home had become so difficult. I am sure that that must apply to many young people. By the time I was 21 or 22, I was in a position to buy my own home. Few young people are in that position today, but even those living at home are expected to make contributions to the running of the household. I believe that it is impossible for them to live on £45 a week. The purpose of the new clause is to remove that punitive level of benefit for young people. However, we must do everything that we can to assist young people into work and to make the programmes that we will discuss later as effective as possible.

**Bob Spink** (Castle Point) (Ind): The new clause is laudable, and in an ideal world we would all want to support it, but can the hon. Lady tell the House what it would cost each year to give the higher level of unemployment benefit to the under-25s? Does she have an estimate of that? I believe that it is relevant, given that resources are tight. The Government have a difficult job in deciding how best to spend their limited resources, upon which there are many demands.

**Lynne Jones:** I do not have the precise total figures, but it would be £750 a year for each unemployed young person. I suggest that the hon. Gentleman can probably work out the total, but it is probably a few hundred million pounds—a sum that pales into insignificance compared with what is being handed out to banks and what has been taken as retirement pay by just a few bankers. Money put towards unemployed young people would be much more likely to help to stimulate demand in the economy than money that goes to failed bankers. Despite the financial problems that we face, it is immoral to expect young people to have to live on such a small amount of money. I am pleased to see the hon. Gentleman nodding his head, and I hope that he will support the new clause.

In conclusion, I wish to give a quotation from the speech that I mentioned earlier; it was made by the current Prime Minister on 27 July 1983. He talked about the unemployment benefit level of £26 a week. That was 26 years ago, and my right hon. Friend felt that it was a completely inadequate sum. Yet here we are today, and unemployed people have to survive on less than twice that amount despite the inflation that has occurred in between. My right hon. Friend said:

> "The debate about the so-called unemployed trap, and the so-called incentives that it is claimed will be needed to get the unemployed back to work, is designed to obscure what everyone knows. If there are no jobs, no amount of poverty and no degree of destitution will create jobs where none exist."—[*Official Report*, 27 July 1983; Vol. 46, c. 1242.]

The Government need to do everything that they can to ensure that those jobs exist. They can do—and are doing—a considerable amount, unlike the party that was in government in 1983. However, the Government of my right hon. Friend, who expressed those sentiments when he first entered the House, should use the power that is now in their hands to pay reasonable benefit to people who are unemployed through no fault of their own.

4 pm

**Mr. Tom Harris** (Glasgow, South) (Lab): My hon. Friend started her comments by explaining that the new clause was motivated by a concern for people who have lost their jobs as a direct result of the recession. Does she envisage some sort of sunset provision for the new clause? When, inevitably, we move to a period of economic growth and there are more jobs in the market, the new clause will not have its current force.

**Lynne Jones:** No, I do not envisage that, because I believe that it is fundamentally wrong to discriminate against young people. Unfortunately, the new clause would not uprate general unemployment benefit. The principles are that discrimination should end and that no one should be expected to live on such a meagre amount of benefit.

**Mr. James Clappison** (Hertsmere) (Con): It is a pleasure to follow the hon. Lady, although I do not agree with the substance of her amendments. I congratulate her on the elegant—I mean eloquent—way in which she presented

her case. Although she was eloquent, as well as elegant, I must advise my hon. Friends to vote against her amendments because they would reduce whatever value the provisions contain.

As the hon. Lady explained, the new clause is an attempt to increase jobseeker's allowance. Although it was not selected, she tabled another amendment, which specified £15 a week as the amount by which she wanted it increased. The group also includes amendments that would make the work-related activity that clause 2 requires of certain benefit claimants voluntary, and others that would make the "work for your benefit" schemes, which apply to people after two years of unemployment, pilot schemes so that they do not immediately take effect. Some of her hon. Friends would do away with the provisions for contracting out welfare-to-work services—[Hon. Members: "Hear, hear."] Some Labour Members shout, "Hear, hear." However, the provisions are an important aspect of the Bill, although they do not go nearly as far as Conservative Members would go, or nearly far enough, given the scale of the problem that the country faces.

The hon. Member for Rochdale (Paul Rowen) has tabled similar amendments and I look forward to hearing his case for them. The hon. Member for Northavon (Steve Webb) mentioned 1988 and a voice behind me tempted me to say that next week we might hear about Neville Chamberlain's foreign policy or Benjamin Disraeli's mistakes with the title of Empress of India. At least the hon. Gentleman said a little more than the hon. Member for Rochdale said in Committee. We wait to hear the Liberal Democrats say where exactly they stand on welfare reform and the principles that they would follow, instead of talking about 1988.

**Paul Rowen** (Rochdale) (LD): Does the Conservative party believe that we should discriminate against young people in the amount of JSA that they receive? Should not they receive the same as everybody else?

**Mr. Clappison:** I have made it clear, I hope, that we will not support the proposals made by the hon. Member for Birmingham, Selly Oak (Lynne Jones), but Liberal Democrat Members' comments suggest that they might do so, which would add that to the already-long list of Liberal Democrat spending commitments. We look forward to more forthrightness, because we have not had much so far.

We are clear where we stand. We will vote against the amendments standing in the name of the hon. Lady and her colleagues—I thought that I had already made that clear, but I will do so again. [Hon. Members: "Why?"] The amendments would remove what value there is in the Bill, which does not go far enough. We want a more thoroughgoing approach to welfare reform, and although, by and large, we approve of the Bill's provisions, it simply does not go far enough.

Some of the concerns of Government Back Benchers might be allayed when they see how little the Bill requires of claimants. There are some 2.6 million existing incapacity benefit claimants, 1.5 million of whom have been on that benefit for five years or more. For those aged under 50, the requirement made under the Government's plans is that they attend three interviews, and that is it. For incapacity benefit claimants aged over 50, of whom there are sadly too many, the only requirement that the Government make is that they attend a single work-focused interview. They are not required to do anything as a result of that interview; they are simply required to attend.

We think that that is far too little help to offer people who need a great deal of help to get back to work, particularly in today's circumstances, when they will be competing for work against so many newly unemployed people. We did not choose the timing of the Bill; it was chosen by the Government. After 12 years of dither and delay, the Government have at last embarked on welfare reform, just at a time when there are difficult circumstances in the economy and when, sadly, queues at the job centres are being swollen by people who have lost their jobs through no fault of their own and who in many cases have long records of work.

Amendment 35, which stands in my name and those of my hon. Friends, relates to a completely legitimate issue to take up with the Government—the work-related activity that may be required of single parents. Clause 2 deals with the work-related activity that may be required of certain benefit claimants, including those on income support, income-based jobseeker's allowance or income-related employment and support allowance. Amendment 35 would prevent those requirements from applying to a single parent with a child aged under five. An amendment standing in the names of Government Back Benchers would raise the age to seven, but for reasons that I will explain, we prefer five as the age at which to make those requirements.

**Mr. James Plaskitt** (Warwick and Leamington) (Lab) *rose—*

**Mr. Clappison:** I give way to the hon. Gentleman, although I think that I know what he is going to say.

**Mr. Plaskitt:** Is the hon. Gentleman telling the House that he has junked the policy of the social justice policy group, which is headed by the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), his former party leader, and which called for parents whose youngest child was under five to have between five and 10 hours a week preparing for work? Has he now dumped that policy?

**Mr. Clappison:** I was going to turn to that point, but as the hon. Gentleman is there already I will deal with it now. If he studies the Green Paper that we issued last January, he will see that it mentions the age limit of five and that there is no age limit set below five. We can be judged only on what we propose in a Green Paper as a statement of our policy. The question that he and his colleagues on the Labour Benches have to answer is: why, when the Government published their Green Paper last July—six months after ours—did they chose five as the age at which those requirements should be made and why was there a change from five in July to three in December? What changed between July and December to bring that about?

As the hon. Gentleman is interested in this matter, may I take him through its history? It was not until June 2007 that the Government announced that they were moving single parents with children over the age of seven from income support to jobseeker's allowance, where the receipt of their benefits would be subject to

*[Mr. Clappison]*

conditionality. For many years under this Government, and until very recently, single parents were entitled to remain on income support until their youngest child reached the age of 16.

The Government's proposals of June 2007 began to be implemented last autumn. It is being done in stages, and single parents with children over the age of 12 are already being moved from income support to jobseeker's allowance. From October 2010, single parents with children aged over seven will receive jobseeker's allowance rather than income support.

Let me make it clear that we support these changes. We have no problem with them—we did not demur when they were first announced in June 2007—but the Government have since proposed to go further. In December last year, in their response to the Gregg review on conditionality, they proposed making further requirements of single parents with children aged over seven. These are the really important points for this debate. The Government's proposals were clearly set out in their response to the Gregg report.

The Government said that, when the youngest child is aged under 12 months, the single parent is not to be subject to any conditionality requirements. When the child reaches one year old, the single parent becomes part of what the Government term the progression to work group and, at that point, the single parent will be

"required to attend Work Focused Interviews and agree an action plan. They are not mandated to undertake any activities recorded on the action plan or any other activities, although they will be encouraged to do so on a voluntary basis."

When the youngest child reaches three, another distinct stage is reached. According to the Government's document, when the child turns three, the single parent is

"required to follow the full progression to Work regime, based around Work Focused interviews, action plans, work related activity and the backstop of adviser direction".

Clearly, there is a significant stepping up of requirements when the child reaches the age of three, and the Government will have to explain that. Receipt of benefit for the single parent of a child aged three or over is conditional on undertaking work-related activity. There is also the possibility of direction being given to the single parent about such work-related activity, and it is evident that the single parent could face a sanction of a reduction in benefit as a result of failure to comply with the requirements.

It seems curious that, for more than 10 years, the Government were content to permit single parents to remain on income support until their youngest child reached the age of 16, yet, in the space of little more than 18 months, they introduced proposals to move single parents from income support to jobseeker's allowance when the youngest child reaches seven—which we support—and proposed to go further still in imposing this degree of conditionality and rigour on the single parent from the time their youngest child reaches three. Is the correct balance being struck between conditionality and the age of the child? That is a legitimate question to ask. It is particularly legitimate to ask whether three is the appropriate age for these purposes.

**Mr. John Grogan** (Selby) (Lab): The hon. Gentleman is making a persuasive case, and I hope that those on my Front Bench will listen to him. Does he agree that his case is strengthened by the suggestion in the Work and Pensions Committee's recent report that the customer must have the final say on whether child care is suitable and affordable at the age of three? The Bill leaves that decision with the adviser, but is not the parent of a child aged three or four the best person to make that decision?

**Mr. Clappison:** To be fair to the Government, they have said that they foresee that there will be discussions and interviews. Behind those interviews, however, there will be requirements and the possibility of sanctions and of directions from advisers to single parents. The Government have to face the fact that, under this scheme, a single parent with a child aged three or over will face the possibility of sanctions.

**Meg Munn** (Sheffield, Heeley) (Lab/Co-op): Will the hon. Gentleman give way?

**Mr. Clappison:** Yes, I will. Perhaps the hon. Lady is going to tell us that they will not face such sanctions.

**Meg Munn:** On the issue of the age of three, I have certainly visited a number of child care and Sure Start centres where many parents benefiting from the free child care offered by the Government said that they now had the time to start thinking about employment and training. One of the benefits of putting that into legislation is that the schemes will be in place to enable parents to get the help and support, which they have not always had in the past, to enable them to get back into work.

4.15 pm

**Mr. Clappison:** Such places may be available, but the Minister for Employment and Welfare Reform conceded in Committee that such places were not available throughout the whole country. The Government looked into the issue themselves and published a Green Paper, which I adverted to earlier following a helpful intervention. In that Green Paper of July 2008, the Government said that they were

"considering whether we could introduce extra activity, as appropriate, when a lone parent's youngest child becomes five and goes to school full time so that preparation for work becomes a natural progression rather than a sudden step up."

The Government's Green Paper thus seemed to view the age of five—the age at which a child starts school—as the natural age to support for these purposes. It was only when the Government moved from that position that we began to look further at the question ourselves. Our amendment legitimately asks whether the balance is being correctly struck. The proposals to require lone parents to carry out work-related activity are right in principle, but is the balance being struck in the right place and is the age appropriate to the requirements? I believe that Government Members should think long and hard about that in the light of the full history that I have set out and particularly when they consider the nature of the regime to which single parents with children as young as three will be subject.

Let me make it clear again that we do not demur from the general principle of conditionality for single parents, or from the proposition that work is beneficial for both parent and child. However, there has to be a question of age appropriateness. We believe, quite simply, that in all

the circumstances it would be more sensible if the age of the youngest child for these purposes were set at five, which is, after all, the age for starting school. We think that the Government have not got the balance right; if they press ahead on this, we would have to consider our position.

We will be seeking your leave, Mr. Speaker, to vote on this matter when we have had the opportunity to hear what the Minister has to say. I do not know whether, at this late stage, he is prepared to accept our amendment, but if not we will certainly press it to a vote because we consider that the Government have not got this issue right. It may be that they have wider objectives in mind; I do not know. They may wish to say, as has been implied, that because we do not agree with the Government's original proposals on the appropriate age of the single parent's child, we are opposing the whole of the Bill. If they want to say that, let them; but we are not. We support the Bill in principle, as we have indicated.

**Mr. Tom Harris:** Will the hon. Gentleman clarify something for me? He said a few moments ago that his party will have to consider its position, but a few seconds later he said he wanted a Division on it. Does that mean that in those few seconds he has considered his party's position and decided that the party is against it?

**Mr. Clappison:** I give Ministers the credit of thinking that they want to listen to the debate. They may want to hear what I have to say; they may want to listen to what their hon. Friends say. What I am saying is that if the Government press ahead with this provision, we will press it to the vote. I hope that I have made that clear, just as I have made everything else I have said absolutely clear. We are not against the Government on the Bill. We think that it does not go nearly far enough, and anybody can see that. On this issue, we are going to have to disagree with the Government and, if it comes to it, we shall seek to press the amendment to the vote.

**John McDonnell:** This is a large group of amendments and new clauses, some of which I shall wish to press to a vote. I shall deal with them in a bureaucratic fashion, for which I apologise.

The first block consists of amendments 11 to 14 and amendment 16, which seek to make Workfare voluntary. I shall wish to press them to a vote at some stage. I shall also wish to press amendment 15, which seeks to ensure that if people are forced on to Workfare they should be paid the minimum wage and/or the rate for the job, unless the Government concede. I live in hope.

Amendment 17 exempts lone parents with children aged seven and under from the conditions placed on them in relation to work-related activities. The choice of the age of seven can be discussed further later, but it is based on practice. I shall be happy not to press the amendment to a vote if amendment 35, tabled by the hon. Member for Hertsmere (Mr. Clappison)—which proposes the exemption of lone parents with a child under five—is pressed, and in that event I will support amendment 35.

The next block consists of amendments 18 to 25, which seek to make work-related activities voluntary. I wish to discuss those amendments, but not to press them to a vote. Amendments 26 and 29 deal with the privatisation of jobcentres' role in relation to the long-term unemployed and others. I shall wish to press those to a vote if possible. It is, of course, open to you, Mr. Speaker, to decide whether that is appropriate. This is a large group of amendments, but they concern key issues involving the future of the welfare state, the welfare system and the administration of welfare. I fear that the system will not merely be amended in the short term, and that this Government or their successors may build on it in introducing elements of compulsion beyond those in the Bill, along with more sweeping privatisations. That is why I consider that the amendments concern matters of principle.

I shall try to be brief, because we have many other matters to discuss today. I tabled the amendments because, in my view, the Bill is an anachronism. It appears to have been designed for another age: an age when employment was available, and it was argued that people were not taking advantage of that. It seems to pursue the Government's twin obsessions with targeting lone parents and privatising public services, at a time when 2 million people are unemployed and 3 million could be unemployed by the end of the year. Ten people are chasing every vacancy. People are desperate for work. It is hard to comprehend why the Government are focusing on introducing Workfare, a "work for your benefit" scheme piloted for the long-term unemployed and other groups, forcing them into work. Unless my amendment seeking payment of the minimum wage is passed, people will be forced to work 35 hours a week for £1.73 an hour in jobseeker's allowance, while, unless new clause 1 is passed, the under-25s will be paid £1.37 an hour. That is not voluntary; it will be used as a sanction. If people refuse to comply, they will lose their benefits.

The argument for welfare reform initially advanced by the Secretary of State was the need to help people back into work. My amendments seek to turn a demand into an offer and a requirement into an opportunity. If Workfare constitutes an offer of assistance in work, why does it include an element of enforcement? When the PCS parliamentary group met the Secretary of State last week, he had changed his emphasis, and was more concerned with the need to tackle fraud and deal with people who claimed benefits without being willing to work. The media view of the Bill's objectives seems to vary according to which newspaper Ministers have spoken to. If it is *The Guardian*, the main thrust of the legislation is support and advice; if it is the *Daily Mail*, it is tackling fraud and scroungers. In my view, the linking of these two issues is stigmatising.

**Paul Rowen:** Does the hon. Gentleman not accept that the big issue these days is not fraud, but mistakes committed by the Department for Work and Pensions, and that certain clauses of the Bill will condemn some people—such as those who may not be very articulate—to sanctions to which they should not be subject?

**John McDonnell:** I think the Bill introduces sanctions that, as we all know from our weekly advice surgeries, are usually applied against the most vulnerable and confused and those who live the most chaotic lives. In addition, they introduce a stigma to the process: under this Bill, support, advice and assistance are provided not on a voluntary basis, but on a forced basis, stigmatising claimants as workshy or scroungers. That is my big fear; I fear that this runs counter to everything the Government have been arguing for in the direction of welfare reform

*[John McDonnell]*

policy. If this is about fraud, we must recognise that according to a ministerial statement last month, there is now the lowest level of fraud in recorded history. As a result of the work undertaken by dedicated DWP staff, fraud has been reduced by two thirds since 2001 and it accounts for only 0.06 per cent. of the overall budget. If we are to tackle fraud, that is not about introducing sanctions and enhancing the stigma on claimants; instead, it is about following the tested route of having informants and conducting investigations.

**Mr. Nell Gerrard** (Walthamstow) (Lab): If the intention of Workfare is to help people into work, would my hon. Friend expect some evidence to have been produced of the effects of schemes being introduced in other countries? Has he seen any such evidence?

**John McDonnell:** I thank my hon. Friend for his intervention, and I want to come on to that. I have trawled the different pieces of research the Department has undertaken to find evidence for developing this policy and establishing its potential success.

I have been trying to discover the genesis of the policy. I looked back to some of the debates in this House and some of the policy statements Ministers made in the mid-1990s. In 1996, the Conservative Secretary of State, the right hon. Member for Hitchin and Harpenden (Mr. Lilley), told the Conservative party conference:

"I can announce a revolutionary fourth step in our welfare to work programme.

For the first time, we will be involving the private sector in helping people move into jobs. Private firms will compete with Government teams."

In 1996, they introduced "project work", as it was called, which contained a compulsory work element for claimants of benefits of up to 13 weeks for those unemployed for two years or more. This sounds familiar, does it not? However, at that time, although it was compulsory, participants received an extra £10 week on top of the jobseeker's allowance for participating in the scheme, so there was also an incentive. The reaction at the time from my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott), who went on to become the Deputy Prime Minister, was condemnatory. He said that under that Government, who had said in 1979 that Labour was not working, unemployment had now grown to 2.5 million, even on the Government's fiddled figures, and that their proposals were a form of Workfare involving chain gangs and that they were not the same as proper jobs. It was, therefore, condemned outright at that point by the person who went on to become the Deputy Prime Minister of this Administration. Another Labour Member said that the Government's Workfare proposals were taking us back to the days of the work house. It was not satisfactory then, and I do not believe that it is satisfactory now. It was condemned outright.

What is the evidence? What judgments have been made? Reference has been made to some of the expert studies. The DWP commissioned the Centre for Regional, Economic and Social Research to conduct research on workfare programmes in Australia, Canada and the US. The resulting report concluded:

"There is little evidence that workfare increases the likelihood of finding work. It can even reduce employment chances by limiting the time available for job search and by failing to provide the skills and experience valued by employers."

It continued:

"Workfare is least effective in getting people into jobs in weak labour markets where unemployment is high."

That is exactly the scenario that we are facing.

4.30 pm

I looked again at what was said by Mr. Freud, who, as a former investment banker, is obviously well experienced in poverty and welfare. He designed some of the proposals, but he did not specifically recommend a "work for your benefit" scheme; he recommended additional conditionality. Whatever happened to him? I believe he is about to be appointed to the House of Lords by the Opposition to lead this legislation through on their side and perhaps try to introduce yet more draconian proposals.

The other review on this aspect of the Bill was carried out by the Select Committee on Work and Pensions, which published its report on 25 February. It reiterated:

"We are not convinced that the current design of FND will discourage the creaming and parking of customers on the programme."

That refers to the private sector. The Committee, too, referred to the DWP's research and the finding that Workfare was the least effective means of getting people into work in weak labour markets; so it is difficult to see where the supporting evidence to justify this scheme has come from.

The one body that the Government appoint to advise them on social security is the Social Security Advisory Committee. Its chair, Sir Richard Tilt, submitted his views, saying:

"We have seen no evidence to suggest that any of the contemporary 'workfare' models are likely to be effective in Great Britain".

In addition, he said that Workfare schemes would be

"creating an additional stigma for those who are long term unemployed".

That finding was reinforced by the Child Poverty Action Group, whose concern is that the scheme is unlikely to achieve much more than the stigmatisation of a small group of very vulnerable people.

**Jeremy Corbyn** (Islington, North) (Lab): Does my hon. Friend have any evidence of what Workfare has achieved in the United States, where there are reports of severe destitution as a result of it and the stigmatisation of people who then find great difficulty in getting jobs, even when the economy turns upward later on?

**John McDonnell:** The one objective piece of evidence provided to the Department was its own research, which found that the Workfare scheme in the United States does not provide long-term, sustainable employment. That evidence was supplied to the Secretary of State and to the Work and Pensions Committee, and, on that basis, the Committee has expressed scepticism about the Government's proposals.

My proposals try to restore the scheme to what the Government originally intended, namely to make it voluntary. My objective is to ensure that instead of having a scheme that stigmatises, the support and assistance provided to the long-term unemployed is provided as an offer—an opportunity of work experience, voluntarily entered into by the claimant. In that way, the support would be made much more effective and if people took up their offer, they would be properly rewarded. My

proposals would mean that as a result of their work such people would be paid at the minimum wage or through a job-related payment. Again, that would prevent the exploitation of the unemployed by unscrupulous employers, who may wish to substitute those on this work experience—if they are not being paid any wage and are being paid only jobseeker's allowance—with temporary unemployed emplacements.

**Sammy Wilson** (East Antrim) (DUP): I listened carefully to the hon. Gentleman's proposal about people volunteering to go on such schemes. Does he accept that those who are willing to volunteer to go on such schemes already have a plethora of schemes that they can go on? What the Government seek to achieve is to reach the core of people who are not prepared, for one reason or another, to join schemes. Such people therefore must be targeted in order to ensure that the opportunities for work and for preparation for such opportunities are taken up, so that they can have the dignity of eventually finding themselves in full-time employment, rather than being dependent on the state.

**John McDonnell:** We are all trying to ensure that we provide opportunities for people to gain the skills and support that they need to get into work. I am trying to explain that there is no evidence that compulsory schemes—the Workfare schemes that have been implemented around the world—have worked. In fact, the reverse is true. The introduction of compulsion has led to stigma, which has provided an even more depressing overlay on the experiences and anxieties of the long-term unemployed. The Government were unable to provide any evidence that justifies the introduction of compulsion in this way. There are already elements of compulsion in the system, and the Bill would overlay those in a completely counter-productive way. Eventually, that would waste the resources of staff in the Department and the sector.

**Lynne Jones:** We know that those who participate voluntarily in schemes are much more successful in getting into work. A leaked letter from the DWP confirmed that mandatory customers of pathways to work had a success rate of only 5.99 per cent., in the phases examined, whereas those who came forward voluntarily—who were actually further from the labour market than the mandatory customers—had a success rate of 27 per cent., or nearly five times more. If people know about voluntary programmes and are encouraged to engage in them, the outcome is far more successful than when they are compelled to do so.

**John McDonnell:** The evidence confirms what my hon. Friend says. It relates to new clause 2 as much as it does to the introduction of Workfare. New clause 2 would introduce the compulsory element in relation to work-related activity, and I looked at the evidence that was provided by the Social Security Advisory Committee to the Gregg review and the White Paper. It states:

"The focus on sanctions is, we believe, unhelpful and does not take proper account of the full findings of the Department's own research or our own work. We are disappointed that more evidence has not been presented to prove that sanctions and compulsion are effective in generating long term sustainable employment."

It concludes:

"We remain unconvinced that the evidence to support this view is either consistent or robust, or that evidence of improved compliance under threat of sanctions necessarily leads to improved engagement and activation."

We have discussed with the various agencies and organisations at length—over nearly a two-year period—what their views are and what they think the reaction will be on the ground. Most of us have worked with the Child Poverty Action Group over the years and I have a great deal of respect for its expertise and the soundness of its advice. It says that claimants do not need compulsion to take up high quality training and employment services.

Evidence from citizens advice bureaux and the Government's own research both showed clearly that, in most cases, threatening benefits cuts is neither necessary nor effective in moving people off benefits and into work, and they tend to hurt the most vulnerable. What happens to the other members of the family when every sanction has been applied? Most of us will have dealt with that situation, and the answer is that we then have to trawl around social service powers to assist them as best we can.

**John Mason** (Glasgow, East) (SNP): I take the hon. Gentleman's point that we probably should not introduce more compulsion, but does he agree that if we did, it would be effective only if the benefit level were higher, so that the excess level could be taken away but people could still live on the rest?

**John McDonnell:** That relates to the point that my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) made when she moved new clause 1. We are already dealing with people on the margins and with families in the direst circumstances in our society. We are dealing with vulnerable people, who are often confused and chaotic. The offer of assistance, if it comes with sanctions, acts as a stigmatising deterrent. If we apply those sanctions, we push those people over the edge into absolute poverty the like of which I do not think that any Member of this House would want to support or experience.

**Sammy Wilson:** I take the hon. Gentleman's point that we are already dealing with people who are on the margins. However, they are often on the margins because they have become dependent on inadequate state benefits. Surely the way to remove them from the margins is to get them into useful employment and to get them on the employment ladder. If they are not prepared to volunteer to take the first step on to that ladder, is it not the duty of the House to ensure that we put something in place that will enable them to take that first step?

**John McDonnell:** I understand what the hon. Gentleman is saying, and I accept that it is said with the best of intentions, but my argument is that such sanctions do not work. The only thing that we have found to work is support and incentives. Departments other than the Department for Work and Pensions are learning from experience. For example, a few weeks ago, on 27 February, the Ministry of Justice announced the withdrawal of its benefit sanction for breach of community order pilots. That announcement was made in a written statement, which some hon. Members might have missed—it was not the most scintillating statement. The Minister of State, the right hon. Member for Delyn (Mr. Hanson), said:

"Initial evaluation research showed a modest 1.8 per cent. improvement in compliance by sanctioned offenders".

He added that

"once all costs had been factored in, the overall sum for continuing the scheme would be in the region of"

£650,000

*[John McDonnell]*

"or £5.60p for every £1 of savings made under the scheme."—[*Official Report*, 27 February 2009; Vol. 488, c. 37WS.]

Under the Government's proposals we are to invest a large amount of money in a sanctions regime, but our argument is that we need to build that money into the support regime and an incentive package. Part of that incentive should be linked to enabling people to earn a decent wage when they get work. As we have seen from recent Government figures, a large number of children are living in families that are in poverty even when the parents are in work. I would rather invest the money positively in increasing such elements as the minimum wage and in other forms of support so that we could get people into work.

The attitude displayed towards the unemployed that seems to be retained in the psyche of the Government is that unemployment is about individual guilt and individual unwillingness to work. When we have 2 million unemployed—possibly 3 million by the end of the year—and when people are chasing every vacancy they can, I do not think that that reasoning should govern the thrust of policy. Let me quote what my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman), who is currently the deputy leader of the Labour party, said in 1995:

"The vast majority of the unemployed are not out of work because they are work-shy. They are out of work for three reasons: jobs are not available; they cannot earn enough to make it worth moving from benefit into employment; or they lack the skills for existing vacancies."—[*Official Report*, 10 January 1995; Vol. 252, c. 58-59.]

The thrust of Government policy has, I hope, been to invest in those skills so that people can qualify for those vacancies as they appear. That thrust certainly should not include the sanctions that we are introducing through the Bill, which is why my amendments to clause 2 on work-related activities will make those activities voluntary.

Let me turn to the issue of lone parents. I tabled amendment 17 because I wanted to exempt lone parents with children aged seven and under from the sanctions. As I said, I shall not press the amendment to a Division on the basis that the Opposition will press their amendment 35, which would apply to parents of children under the age of five, to a Division. I tabled amendment 17 because I agree with some of the statements that have been made previously by Labour Members. I cherish one statement, which reads:

"The reality is that many mothers are forced out of the door and back to work before they want to because of financial constraints...The state should pay for this 'family' case in the same way it pays for the state pension of at least £150 a week".

Would I even think of moving such an amendment? However, I fully support what the current deputy leader of the Labour party said in 2000. It is difficult to see why we are pressing ahead with penalising lone parents yet again. Why are we are introducing this element of stigmatisation, given what the current deputy leader of the Labour party has said about our knowing and cherishing the role that parents play in our society?

4.45 pm

I want to be very clear, so it is worth going through the history of the matter. The November 2008 changes to the lone parent entitlement that reduced from 16 to 12 the age of the youngest child for whom an income support claim could be made have already removed 135,000 people from that benefit. That age limit will fall to seven in 2010, by which time 315,000 fewer lone parents will be entitled to lone parent benefit. Under the Bill, the youngest age of child entitlement will effectively be reduced to three. After their youngest child reaches that age, lone parents will become subject to work-related activities as part of the progression to work regime. There are approximately 230,000 lone parents with children aged three to six, inclusive, so we are not talking about a large number of people.

To be frank, the Government's record of getting lone parents back into work on a voluntary basis is superb, and is an achievement by this Administration that we ought to brag about. The voluntary new deal for lone parents began in October 1998 and is delivered by civil servants and others through Jobcentre Plus. It has found jobs for the 64.5 per cent. of the lone parents who have participated, and that compares with the 62.5 per cent. of members of the youth scheme who have been found work. The nearly 1 million lone parents on the new deal scheme are outperforming any other group, which highlights the value of the voluntary approach.

Again, that demonstrates that the voluntary approach that the Government have used in respect of lone parents has been incredibly successful. The Government have brought lone parents on, given them support and got them into work that the figures that we have seen suggest is sustainable.

What is stopping others in the lone parent category getting back into work? I am trying to look at evidence-based policy making, and the most detailed work has been done by Citizens Advice. Its report on the matter said that the main barriers for lone parents were inflexible jobs and employers, lack of access to affordable child care, inadequate support in making the transition to work, being financially worse off in work than on benefit, inflexibility in the benefits system, and money problems.

Those are the issues that we should address. It is not that lone parents do not want to work or support their families, because the truth is that they want what we all want—a proper balance between looking after their children and a job that is decent and properly paid and which at the same time enables them to afford child care.

Again, I looked for the evidence. Research by the Department for Work and Pensions published in 2008 found that the impact of sanctions on lone parents seeking employment would be "negligible". Yet the Government are going to force lone parents through another stigmatising process: they are going to put pressure on them again and waste a large amount of resources for a negligible effect.

Why are we doing that? The Government are becoming almost obsessional. I looked at the evidence, and consulted the experts on the ground—in this case the organisations One Parent Families and Gingerbread. They advocate an approach that I thought was evolving into Government policy at one time. They say that, instead of threatening sanctions, we should be offering a premium for participating in work-related activities. That would allow us to demonstrate to people that engaging in work will gain additional income, which is the point that the hon. Member for Glasgow, East (John Mason) made earlier.

We need to incentivise participation, not use sanctions. As I said, our aim with amendment 17 was to prevent the change proposed in the Bill from applying to children aged seven or under, but I shall certainly support amendment 35, which would do the same for children up to five.

I turn now to the amendments dealing with privatisation. Again, I have been trying to clarify why the Government have moved further along the obsessional and dogmatic road towards privatisation of this section of our public services. It may be ideology, but the TUC briefing circulated to all hon. Members spoke about dogma, and I cannot disagree. What is the Government's attitude to the performance of in-house jobcentre staff? The DWP website describes Jobcentre Plus as a

"world leading welfare to work organisation".

When the PCS parliamentary group met the Secretary of State for Work and Pensions last week, he described the jobcentre service and the staff as "excellent" and commended them for their work.

What seems to have happened along the path in recent years and certainly in the development of the Bill is that Mr. Freud has come along. He is an expert banker—I think that that is the expression—and one of his key themes is the privatisation of the service. Again, we looked for evidence of why that should be so. I looked at the Select Committee on Work and Pensions report on the DWP's commissioning strategy and the flexible new deal, which says that

"fundamental flaws exist in the design of the FND and the assumptions upon which it is based... the financial model for the FND is flawed and its targets unrealistic... there is less evidence from the UK to substantiate this approach... DWP needs to build its evidence base".

That was the recommendation. We have yet to see any evidence base developed to promote the privatisation of the services.

What is even more dogmatic is that a section of the work to be privatised is set aside, without even allowing jobcentres to bid for it. Where is the "what works best" ethos in that approach? Again, I go back to the research undertaken to justify the privatisation. Let me quote the Cardiff university research report of 2008. On the contracting out of employment services to third and private sectors, it concluded:

"whenever Jobcentre Plus staff have been allowed the same flexibilities and funding as private sector companies or charitable organisations they have been able to compete with, if not surpass, the performance of contractors."

QED, is it not? The research from Cardiff demonstrates the point, but it was not just that, was it?

There was a leaked report in *The Observer* only a couple of weeks ago. My hon. Friend the Member for Birmingham, Selly Oak and I tabled a series of parliamentary questions to ask what evidence existed about privatisation and the past performance of the private sector in delivering some of the objectives set for incapacity benefit claimants and other claimants. We were advised by Ministers that no report or evidence was available that we could use to judge any further privatisation proposals. We then discovered, because of a leak, that there had been a DWP report on that very issue. It was marked "restricted" and circulated to jobcentre managers, not to hon. Members or the House. We were told that it was not published because the research was still in progress and had not been validated. Well, that was two weeks ago; it could have been validated by now, and we still have not seen a copy of it.

What did that research say? It revealed that the private companies placed into work just 6 per cent. of incapacity benefit claimants on their books, rather than the 26 per cent. that they claimed would be possible when they bid for the contracts. That compares with 14 per cent., achieved by state jobcentres during the same period. The report described the private contractors' performance as "not satisfactory". That information should have been put before the House and published before the debate took place, because it evidences the fact that the rush to privatisation is being pursued for dogmatic reasons and is a waste of taxpayers' resources.

What have we seen in the approach to the privatisation of further jobcentre work? So far, the Government have gone out on their consultations and in the development of tenders, and a number of companies have expressed their interest. There were regional discussions and consultations. The Government gave a commitment that money would be paid up front—the argument was that 20 per cent. of it would be front-loaded—and that the companies would receive the rest of the payments on the basis of placing people into work. We are now told that those involved have had to re-consult, that the companies want more money up front and that the targets are not to place people into work, but to prepare them for the possibility of work. I do not understand why we are wasting resources and undertaking such a lengthy process when we are praising jobcentre staff to the hilt for their professionalism and success.

I considered some of the problems that the private sector has brought forward. If we look at a number of areas in which back-to-work support has already been contracted out, we see that some contractors have failed completely. Two external providers of the pathways to work scheme, Instant Muscle and Carter and Carter, went bust almost as soon as they were awarded the contract, leaving claimants high and dry. Other contractors, notably A4e and Maatwerk, have been heavily criticised for poor performance. Again, I just do not understand why the Government are pursing such a dogmatic path when there is no evidence to justify their doing so; all the evidence demonstrates the perils of dependence on the private sector for the delivery of the services that we are talking about.

**Mr. Gordon Prentice** (Pendle) (Lab): Could the answer be relatively simple—that the Government want to drive down the civil service headcount, and think that the way to do that is to transfer jobs done by civil servants to the private sector, regardless of the consequences?

**John McDonnell:** There is an argument that the Government, taking a very short-sighted approach, may well want to do exactly that—drive down the headcount. They may try to look at the issue as a cuts exercise, or a reduction-of-expenditure exercise, and dress it up as a way of increasing performance and getting people back into work, or preparing them for work. However, all the evidence points in the opposite direction. All the evidence points towards abortive costs. If contracts are awarded to companies that go belly-up and into administration, we are back to square one, and there will be abortive costs as a result of going through the whole tendering process again.

*[John McDonnell]*

The argument has been put forward that the measures are not about private companies, but about awarding contracts to the voluntary sector, or third sector, as we now call it. Well, in the recent period, 33 out of 34 DWP contracts have gone to the private sector, not the voluntary sector. The private sector companies have largely been the large corporates. We have consulted, and looked at the evidence from, the voluntary sector. I give the example of the Leonard Cheshire charity. It stated that the model that the Government were putting forward would result in the

"complete loss of the competitive market, to the detriment of small specialist existing providers, as well as the removal of customer choice and control",

because contracting out is being dominated by the large companies.

**Jeremy Corbyn:** Does my hon. Friend have any evidence on the comparative working conditions of those employed directly by the DWP to deliver services, and those employed by companies that successfully bid for such contracts?

**John McDonnell:** We are aware of some comparisons of wage rates, which are considerably lower in the private sector. We are also aware of the high turnover of staff in the private sector, which is possibly a result of the management style, but also a result of conditions of work and wage rates. That is an issue that we need to consider, because jobcentres and the DWP have built up expertise over decades. We have commended staff for the expertise that they have shown in their performance in recent years; Ministers have said that they have provided an excellent service.

My amendments on the subject seek to halt the privatisation, as there is no evidence or justification for it. There is another reason, too: we have to accept that the continued onslaught on DWP staff is undermining their morale. We have already laid off 30,000 workers in the DWP. It has been mentioned that 200 jobcentres were closed down, but in total, more than 500 offices have been closed down. At the same time, we have engaged in a management style that has provoked a whole series of disputes in recent years, yet DWP staff still provide the excellent service described by Ministers. However, staff can only take so much. Having provided an excellent service, they are threatened with more privatisation and more job losses.

Let me end on a quote. Ministers say that they have toured jobcentres and found that staff were supportive of everything that the Government were doing, and all the rest of it. When those staff meet separately, and within their trade union branches, they express their concern and their anger. The PCS DWP group president, Jane Aitchison, said:

"Our members are proud of the work they are doing in jobcentres. The staff have responded in exceptional fashion to sharp increases in workloads. After years of being under-valued, constant cuts and under investment, the response to the recession has demonstrated our members' ability to meet extraordinary challenges in a way no private company could have done. The government should not be galloping towards further privatisation. The kind of outsourcing of jobcentres proposed in the welfare reform bill would be a major blow to my members' morale."

If the amendments were agreed to, they would end that privatisation. We should be building DWP staff's morale and congratulating them on the work that they have done, not targeting and undermining their role in this way.

5 pm

**Paul Rowen:** It is a pleasure to follow the hon. Member for Hayes and Harlington (John McDonnell). My party and I have serious concerns about some of the clauses in this part of the Bill. A series of amendments seek to deal with conditionality.

As the hon. Gentleman said, this is a Bill for another age. This week, we will see unemployment top the 2 million mark. The Bill does not address the problems that many of our constituents now face. There are many things that it could and should have done to help employers and to help people who are losing their job to stay in work. I spoke to an employer yesterday who told me that in the next six weeks he is likely to have to shut his company because of insufficient orders. We ought to do what they are doing in Germany and France, which provide support for such companies, so that they can lay off their staff but continue to pay them. There is no provision for that in the Bill, so that company will close in six weeks, as many others have done.

We are not opposed to welfare reform, but there are some basic principles that the Bill does not address. The Royal College of Psychiatrists set out five principles for effective reform which the amendments should meet. Although those principles are meant particularly for people with mental health problems, they apply across the piece. The first is that there should be clear evidence that welfare programmes work for people. We are talking about introducing a raft of programmes, introducing conditionality, and forcing people to work for their benefits, as the hon. Gentleman said, at rates of less than £1.60 an hour, but where is the evidence that such conditionality works?

The Government are good at quoting examples from abroad. However, the examples from America, the Netherlands and Scandinavia are very different. The programmes in America clearly do not work and have not been a success. As I pointed out to the Minister for Employment and Welfare Reform in an earlier debate, the scheme in Wisconsin pays people who work a proper wage and does not put them on Workfare, as the Bill proposes.

The second principle is that the welfare system must address people's needs and particular circumstances. Where in the Bill is there clear provision for proper child care facilities to be in place before a lone parent is put on such a scheme? Amendment 36 tabled by the hon. Member for Glasgow, North-West (John Robertson) seeks to address that need. There is no guarantee of that in the Bill. Similar safeguards are not in place in respect of other provisions.

Thirdly, when services are contracted out, there should be no discrimination against those who are difficult to place. From the evidence that has been provided, we know that so-called parking and creaming—that is, parking those people who might be difficult to get into work, and creaming off those whom it is easy to place in employment—already takes place. Where are the safeguards in the Bill to prevent that? The fourth principle is that employers should fulfil their responsibilities to employ

and support disabled people. What does the Bill do to strengthen that commitment? An opportunity has been missed. Fifthly, everyone must have access to an appropriately well informed and trained vocational work force.

I want to talk about amendments 49 to 65, which stand in my name, and to say a few words about the other amendments in the context of the five clear principles for undertaking any welfare reform. I also want to ask why the Government are not adhering to those principles.

We support new clause 1. As my hon. Friend the Member for Northavon (Steve Webb) said, in 1988 the Conservative Government made a clear distinction between those under 25 and those over 25 in respect of the amount that they should receive. Young people on JSA are currently on £13.35 a week less than other JSA claimants. Where is the evidence that that is necessary? Young people's needs are the same as those of other people. I am not talking about child care, as that is dealt with elsewhere, but the differential puts young people at a real disadvantage. We support the new clause, which would ensure that there is no discrimination against young people. The Equality Bill is going through the House. How can the Government say in all seriousness that that Bill's provisions will be adhered to, given that some of the unemployed are discriminated against for one reason and one reason only—because they are of a certain age? That is a clear breach of the provisions.

New clause 8 seeks to ensure that income-related benefits can be adjusted to take into account work-related activity performed by the claimant. There is already a provision whereby employment and support allowance claimants can receive an additional £24-odd a week for undertaking work-related activity. Why has that provision not been extended to all people undertaking work-related activity? Why should a lone parent who has agreed to undertake such activity not receive that bonus, which is paid to ESA claimants? Where is the fairness and equity in that? Where is the evidence that not paying lone parents that supplement will encourage them back into work? As the hon. Member for Hayes and Harlington said, there is no evidence for that. The evidence is that when lone parents are properly supported they return to work, and that Government schemes are successful. We support new clause 8, which seeks to enshrine what is patently missing from much of the Bill—equality in how claimants of all types are treated.

Amendments 40 to 43 would make the "work for your benefit" scheme a pilot. The Government are right to say that in a recession they do not want to stand back on reform, that it is important that no one should be forgotten and that things should move forward. However, I put it to Ministers that unemployment is rising and that there is already evidence—there were reports in the press last week—that Jobcentre Plus staff cannot cope with the number of people whom they have to see; people are getting two-minute interviews instead of 20-minute ones. Why, then, do we need to press ahead completely and make these things mandatory for everyone? It makes sense—again, sticking to the principle that there has to be clear evidence that welfare reforms work—for the scheme to be a pilot. Then it could be properly evaluated and reported on to the House, and we could see where to go from there. We support amendments 40 to 43.

Amendments 11 and 12 would render the "work for your benefit" scheme an offer, rather than an imposition. Again, where is the evidence that imposing something is successful? The available evidence, whether international or based in this country, shows that providing good-quality support to people is what works, not seeking to impose something.

Amendment 36 would ensure predictable access to good-quality, affordable and flexible child care. An important principle is involved, which is that the parent should be able to make that decision. It is not for an adviser, who may not live in the area and may not know what is available, to decide what that claimant should do. I know that the hon. Member for Glasgow, North-West has tabled amendment 36 because in Scotland there is no legal entitlement to child care. In Committee, the Minister promised to reflect on it, and get back to us on Report. I hope that he is willing to consider it, because it is fair and reasonable. It is a matter not of saying no, but of saying that there has to be access to proper entitlement.

Amendments 13, 14 and 15 deal with the compulsory elements. Amendment 13 would mean that work-related activity was not compulsory. That is the right way forward in the current circumstances—such activity should be an option, not imposed. Amendment 14 removes the provision that requires individuals to participate in "work for your benefit" schemes, and we support that. Amendment 15 ensures an hourly rate at the level of the minimum wage in any "work for your benefit" scheme, or a wage equal to that of staff directly employed and undertaking the same role. In Committee, I cited the example from Wisconsin where, whatever benefits might be paid in America, it is clear that someone undertaking a work-related activity is paid a fair wage for it. Again, I ask the Minister why that should not take place? Why should someone be required to undertake work, even though it may benefit them, without being paid a fair rate? Given this Government's record on the minimum wage and protecting vulnerable workers, I find it surprising that they are not putting such protection in place.

Amendment 45, following an established sequence, would require a pilot to continue until 2013, when it would be properly evaluated. Throughout the Bill, there are provisions to set up pilots—whether we are talking about direct payment or the Child Support Agency and the removal of driving licences—about which there will be reports to this House. Given that wholesale changes are being made that affect a large number of vulnerable people, why can we not have a pilot that is reported on in 2013? That seems logical and fair, and we support it. Amendments 13 to 16 deal with increasing payment and lessening compulsion for work-related activity. That is the way forward.

Amendment 17 deals with work-related activity, and amendment 35 deals with the problem of a lone parent returning to work. We all want to see as many people who are able returning to work. Whatever our stance, that has to be the case. However, it really ought to be for a parent, particularly a lone parent, to decide when they are able to go back to work. We have moved rapidly, in the Green Paper, the White Paper and then the Bill, from a lone parent having to return to work when their child is 16 to their having to do so when their child is three, if the Bill is not amended. Again, I ask Ministers

*[Paul Rowen]*

what the evidence is that compulsion, and forcing a lone parent to go back to work when their child is that age, is successful.

**Mr. Terry Rooney** (Bradford, North) (Lab): How about Sweden, Norway and Denmark?

**Paul Rowen:** There are examples elsewhere, but in places where there are much better systems in place to support such parents.

**Mr. Rooney:** There is evidence.

5.15 pm

**Paul Rowen:** There is some evidence, as the Chairman of the Select Committee on Work and Pensions says, but we are moving far too fast. The system needs to be supportive.

Again, I wish to quote Fiona Weir, the chief executive of Gingerbread. She said during the evidence session of the Public Bill Committee:

"From our experience of working with single parents, we feel quite strongly that the vast majority want to work; in fact, nine out of 10 say that they want to work when it is right for their family. Usually, when you unpick that a bit, there are very good reasons behind their choices on work, and 40 per cent. of lone parents with children under seven are already in work. Those who are not working often have very good reasons: sometimes it is skills and confidence, sometimes a lack of access to the right child care, and sometimes a different set of barriers relating to the particular needs of the children. Fundamentally, what is required is a system that really provides support on skills training and building confidence, and good provision of child care, but that essentially leaves the decision about when it is right for the family for the single parent to return to work up to that single parent."—[*Official Report, Welfare Reform Public Bill Committee,* 10 February 2009; c. 42, Q53.]

If we had all the other things in place—if the personalised agenda that the Government are so keen to talk about were up, running and working and if we had excellent child care in every locality that could deal with the needs of not just very young children but older ones, for whom there is clear evidence that adequate child care is not available—then yes, the Government could go ahead and introduce compulsion. However, those things are not available. We are putting the cart before the horse. We are not concentrating on improving services to make it easier for lone parents to go back to work, even though we have it in our head that that must be done. We are willing the ends but not the means, which is not an acceptable way to behave.

**Mr. Gordon Prentice:** How does that square with what the hon. Gentleman said earlier: a lone parent is in the best position to decide when to go into employment, taking into account the interests of her, or sometimes his, children?

**Paul Rowen:** I am grateful to the hon. Gentleman. It clearly does not. There could be a whole set of individual circumstances in a particular family. There might be a child who is disabled or has other problems, or a parent who needs additional training in skills and confidence-building. Someone who has been raising a family will have been out of the job market for a while, so what guarantee is there that she or he will automatically be able to go back? Again, it is conditionality that causes us concern. The problem is not whether people want to go back to work, because as we have said and as Gingerbread's evidence showed, nine out of 10 lone parents want to do that. It is whether the means are in place to enable them to do so.

I turn to amendments 49 to 56, which are in my name. They would remove the power of the Department and private contractors to issue mandatory directions to income support claimants and their partners. Again, Child Poverty Action Group believes that a parent with the primary child care responsibility, whether a lone parent or a partner of a claimant, should have a choice about entering work, and that such choice requires far greater support than is currently available.

Child care provision is patchy and we know that it is inadequate for older and disabled children. Child Poverty Action Group opposes an increase in conditionality and the consequent sanctions, which will create hardship for parents and their children and fail to tackle barriers to employment.

What will be the net effect of imposing conditionality on a lone parent? As the hon. Member for Hayes and Harlington said, stopping a lone parent's benefit will mean an additional cost for local authorities. Will that family be split up because the parent is no longer able adequately to provide for her or his children? That is not the way forward.

It is important to have high-quality, tailored employment and support to partners as an entitlement that they may take up voluntarily. Many claimants and their partners have a strong interest in work, but where, in the current economic climate and in many of the areas that we represent, are the jobs that will make the conditionality operate? Clearly, it will not work, and there will be genuine problems. It will be a distraction from what, in our view, should be the main task of jobseeker's allowance: to help as many people as possible back into work. The increasing numbers of unemployed will present a challenge to the Department.

Amendments 57 and 58 deal with the factors that should be taken into account when considering what is reasonable in relation to loss of benefit for not participating in a work-related activity. The Bill states that regulations may provide for reconsideration of an action plan, but imposes no statutory duty for such reconsideration. Amendment 57 would insert a legal right for a claimant's action plan to be reconsidered, provided that the request is reasonable. In the discussion on clause 2 in Committee, Ministers and the Conservative Opposition presented two main arguments against that.

First, the Government and the Conservatives argued that our amendments would make reconsideration mandatory, but amendment 57 clearly provides that such a request must be reasonable. Hon. Members might reasonably ask what is meant by "reasonable". Numerous clauses refer to reason and good cause, yet the Bill contains no definition of them. If it is okay to provide that there must be a good, reasonable cause for making direct payments to a disabled person, and that a local authority can refuse to do that if the request is not reasonable, why cannot the amendment make the same provision of reasonableness? Both the clause and the amendment are either reasonable or not, and it is up to the Bill to provide a definition of reasonable.

Secondly, Ministers claim that amendment 57 would shift the balance of power in favour of the claimant. It would not. The amendment would not give claimants

carte blanche to refuse to accept the responsibilities that are set out in the action plan. Rather, it would give the claimant who is concerned about what may be in the action plan an opportunity to reconsider that action plan, which would be drawn up in the context of Jobcentre Plus staff being under severe pressure, with a lack of time. Will we get the personalised agenda that the Government talk about or will claimants be presented with a standardised action plan and told, "Take it or leave it"? That would not be acceptable. It is also said that there is no definition of what is reasonable, which is true, but that will be set out in regulation and amended by case law. As I have said previously, that is clearly what applies elsewhere in the Bill.

Amendment 56 would ensure that children are never harmed by any financial sanctions applied to their parents' benefit. We already know that, compared with many other countries, the levels of benefit paid to claimants here are below the poverty line. We do not want the imposition of sanctions to cause or increase child poverty. The Government have a good record on eliminating child poverty and in recent years they have taken additional steps to eliminate it. Why go down the route proposed? The hon. Member for Hayes and Harlington cited the example of the Ministry of Justice abandoning the idea of conditionality and imposing sanctions, which clearly do not work. If we are going to do something, where is the evidence base? Clearly it is not there.

Let me deal with amendments 29 and 26, which deal with privatisation. We are not opposed to privatisation per se and we will not support the amendments dealing with it. Equally, however, we will not support wholesale privatisation. Where is the evidence that privatisation works? We all know that there are third sector organisations that can deliver a much better service, particularly in highly specialised circumstances, for those with learning disabilities or a mental health problem, for example, than Jobcentre Plus staff or private contractors can. We want any move towards privatisation to be evidence-based, with a clear rationale and with competition.

We see no reason why Jobcentre Plus could not also compete for those contracts at the same time as the private contractor. However, I return to what I said earlier. If, when the Minister finally reveals his evidence about the operation of the pilots, that evidence shows that Jobcentre Plus outperforms the private contractor, what will the evidence base be? The evidence base would clearly be that Jobcentre Plus staff have outperformed the private sector and should therefore get the contract. We cannot and should not go down either route for purely dogmatic reasons. We should have the flexibility to pick what works best for the constituents whom we seek to serve.

This is a large and complex group of amendments. We are not seeking to press any of our amendments to the vote, but we will certainly support the first three proposals made by the hon. Member for Hayes and Harlington and the Conservative amendment dealing with child care, because we believe that they would considerably improve the Bill. They also underline the clear danger with the Bill, which is its reliance on dogma and conditionality. The Bill does not deal with the one issue in the real world that we all want to do something about, which is rising unemployment. The Bill is an example of yesterday's problem being dealt with by, I am afraid, some of yesterday's Ministers.

5.30 pm

**Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): I want to speak primarily to new clause 8, which stands in my name and which delves back into the arguments that we have been rehearsing for the past couple of hours on the balance between incentives and sanctions, particularly with respect to lone parents. Before I do so, however, I want to spend a few moments talking about two arguments that have emerged in the debate with which I fundamentally disagree and which need a response.

The first relates to the comment with which the hon. Member for Rochdale (Paul Rowen) closed his speech—namely, that the Bill represents yesterday's agenda and that this is the wrong time for it. I fundamentally disagree with that. It is absolutely correct that we should have a new, or revised, agenda as a response to the recession. There is a desperate need to work with businesses to halt the flow of job losses, and to ensure that newly unemployed people are given a different kind of assistance to get back into work from that offered by Jobcentre Plus and other organisations.

It is also essential, however, that we should not repeat the catastrophic mistakes that we made in the past, particularly in the 1980s. The recession at that time led to long-term unemployment, and the people involved were utterly abandoned. I say that with some knowledge because, in the early 1980s, I was working for an organisation that ran Manpower Services Commission employment programmes. They were an example of brutal Workfare. They were deeply under-administered, and offered very little in the way of additional payment for those working on them and virtually no training. The fact that huge numbers of people could not even get on to those schemes shows how desperate the situation was.

It is essential that, at every stage, we prevent those people who join the jobless queue from drifting into hopelessness for years and years, because we know that that is closely correlated with depression and with exactly the loss of skills and confidence required for job re-entry that the hon. Gentleman referred to. At this juncture, it is therefore critical that we put in place measures—about some of which I must enter caveats—to ensure that people who have been out of the labour market for some time have the means to reconnect and stay in touch with that market.

**Paul Rowen:** Does the hon. Lady not accept that many of the amendments do not ignore such people, in that they propose to increase jobseeker's allowance, to give lone parents a choice or to run certain pilots? They would ensure that what works works, rather than going headlong down a route that might lead to our repeating what happened in the 1980s.

**Ms Buck:** I am not seeking to rubbish the amendments, many of which I agree with, either wholly or in part. However, the fundamental principle of adopting a strategy and measures to reconnect people with the labour market and to prevent them from remaining distant from it over a long period is absolutely right.

That leads me to my second point, which relates to the age that the youngest child of a lone parent should reach before we expect the parent to engage in some

*[Ms Buck]*

form of work-related activity. That is a total red herring. The parents of three-year-olds, particularly in this day and age when 95 per cent. of children enjoy the nursery provision available for three and four-year-olds—some of them part time, certainly, but at least the provision is there—could be in a better position to take advantage of some form of work-related activity than cohorts of other lone parents whom I know, although I have some caveats about the quality of the contact involved.

For example, I have expressed my concern many times in the Chamber about the availability of child care—perhaps it is wrongly called that—for older children. Strangely enough, young children under five have more opportunities to obtain, and gain greater access to, the quality child care that gives their parents the security that they desperately need when trying to ensure that their child is receiving quality provision. They are better provided for than many parents with older children.

I speak with feeling on this subject as a parent with a teenager, and I know that other hon. Members also know perfectly well that if they are out at work or not available during the day, their older child will not necessarily be safe or be occupied in a way that they would like. I ask the Government to continue urgently to address the issue of access to extended services or other out-of-school provision, because it is really critical for that significant minority of lone parents with older children for whom regulations have recently changed to be monitored in respect of the services they rely on. We must ensure that they are able to be confident about taking up job opportunities in the knowledge that their children are safe. Even more critically, they must know that their child will be properly and securely looked after in their absence.

To come to what is probably the heart of the matter, the issue is less a concern about age cohorts and defining whole groups of people than it is about the quality of delivery and the tailoring of the personal intervention to the individual. I know plenty of lone parents of three and four and five-year-olds who are more than ready—and, indeed, willing and welcoming of the idea—for work or training or preparing themselves for moving some way down the path towards employment. I also know lots of parents of older children, as well as some who are not parents at all, who have very specific and important needs that must be addressed before they can be ready for any kind of activity.

I am reminded of a woman who came to see me a couple of weeks ago who was in the process of adopting her dead sister's child. Her circumstances completely occupy her mind and her mental energies and she is likely to be unwilling to take up work opportunities for the time being. She is the parent of an older child, whereas as I have already said, some parents of a three-year-old child might be more than ready for work. As we know, large numbers of parents—lone parents and in couples—are already going back into employment at the end of their statutory maternity leave.

The critical task for all of us—the Government have gone a long way towards addressing it, but have not convinced me absolutely on every front—is making sure that the service is able to take a decision that is properly tailored to the individual person's needs.

**Lynne Jones:** I speak as one of those parents who went back to work when my children were only a few weeks' old, but does my hon. Friend agree that society should have respect for a parent's decision? If a child needs the parent to be at home, we should actually value the fact that parents want to take care of their children, while at the same time we should allow them to avail themselves of opportunities to get back into the world of work if they want to.

**Ms Buck:** That is absolutely right. The issue, as always, is finding a way through a number of conflicting objectives. Parenting is without doubt one of the most important things that any of us ever do. Virtually every parent will put their child at the heart of virtually everything they do in their life; it is sad if they do not, as the child will be damaged. Choice is absolutely important, and parents will make choices.

Plenty of children have a non-statemented special need—attention deficit disorder or dyslexia, for example—and their parents are very conscious of the fact that although their child does not have a statement, they will have to spend more time and invest more of their emotional energy in supporting that child. On the other hand, it is also true that children tend to thrive when their parents are properly occupied through work. There is plenty of evidence that being based outside the home is also good for children and that quality child care—the emphasis being on quality—is good for children and improves their attainments. That is particularly the case when the children's families come from disadvantaged backgrounds. My hon. Friend is right, but it is a complex issue.

**Lynne Jones:** I agree that a child's well-being depends on the well-being of its parent. A parent who is happy and fulfilled, and not subject to undue stress, will be a better parent. When we are devising mechanisms such as this, it is important that we do not put stress on parents who may already have a difficult job because of their personal circumstances or the circumstances of their children.

**Ms Buck:** I do not think that there is any difference of opinion between us. We should not get hung up on whether the threshold is 16, 11, seven or three, but we should get totally hung up on whether the service is sufficiently flexible and sufficiently sensitive to the variation of needs within families, in the context of employment.

In tabling new clause 8, however, I was principally concerned not with employment but with work-related activity. I think that that can be even more easily accommodated within the capacity of most parents—again, with the vital qualification that it must constitute an opportunity, and that Jobcentre Plus staff should not be frowned upon or penalised if they allow certain parents of 15-year-olds, or in some cases three-year-olds, to opt out because it does not fit their circumstances.

**John Mason:** I thank the hon. Lady for giving way so generously. Once or twice in her speech she has used words such as "tailored", "personalised", "sensitive" and "flexible". Is she convinced that Jobcentre Plus, as a large bureaucracy, is capable of offering as sensitive and personalised a service as she and I—and, I am sure, everyone else—would wish?

**Ms Buck:** I think that Jobcentre Plus is capable of doing so and that it often does so, although it sometimes fails. The service is certainly dramatically better than it was when I first came to the House. I spent a great deal of time with Jobcentre Plus staff at that time, because the Government were rolling out the new deal initiative very quickly after 1997. I remember what jobcentres were like, physically and in terms of the capacity of staff to respond. But have we got it entirely right now? No, and I shall explain why, very briefly, in the context of new clause 8.

As has been said by one of two other Members, the balance between incentives and sanctions, or conditionality, is critical. Claimants of the work-related activity component of the employment and support allowance can receive an additional premium of £24 above jobseeker's allowance in return for participating in work-focused preparation, but that does not apply to lone parents. Although the principle that incentives work is enshrined in the Government's programme, that incentive is denied to them.

We know very well that incentives work for lone parents, and we know that their employment levels have risen sharply in recent years. We know that most people want to work, and we know that one of the clear judgments they make when deciding whether to enter employment is whether they will be better off in work. That is at the heart of the matter. Although incentives work, however, they are often not tried out properly. The whole tax credit regime has been crucial in making work pay, but, in various degrees, various parts of the country and various circumstances, the "better off" calculations, or the incentives that underpin them, are not effective enough.

It is entirely sensible to ensure that the people we wish to encourage to participate in work-related activity can enjoy a premium for so doing. As was spelt out so well by my hon. Friend the Member for Hayes and Harlington (John McDonnell), all the evidence suggests that if people can be incentivised into participation, outcomes are better. People feel more in control, which makes them more likely to be able to manage other aspects of their lives. They feel more positive, and can therefore take advantage of what work-related activity should do: enable them to assess and develop their skills, and to overcome the confidence-related barriers that have prevented them from moving closer to employment. It does not really matter whether that happens now, in the midst of an economic downturn, or a little further down the road.

Equally, and set against this, without a premium we rely on work-related activity being a requirement underpinned by a sanction only, and sanctions do not work. We know that the impact of sanctions is only marginal in terms of people deciding not to participate, and, worse still, they can have an utterly catastrophic impact on individuals. The Department's own research shows that the application of sanctions is closely correlated to poor health among both parents and children. We do not want to inflict that on people.

5.45 pm

We also know one other thing—I certainly know this, from my experiences of working with my constituents. One of the big factors in determining whether people participate in training, work-related activity or employment is risk aversion. People are damaged by risk, and parents are particularly risk-averse—I think it is hard-wired into us. We do not want people to be put into a situation where their income plummets and rises again, so that there are all kinds of consequences for them in terms of benefits. Also, any sanctions that apply to their benefits will often have knock-on impacts in terms of their housing. Other people then get to know about that, and word gets around, so people do not want to participate in any of these schemes that will take them further down the road towards their being subject to the risk of consequences that will upset them and their children.

**John McDonnell:** I wholeheartedly share my hon. Friend's views on incentivisation—we have discussed that—and on sanctions not working. They not only do not work, but they are counter-productive at times. Most of us have seen—particularly through the asylum regime—that not only are they driving people into absolute poverty in some instances, but they also drive them into the employment black market where they can be more exploited, especially through illegal employment. This, therefore, becomes deeply counter-productive for certain groups within our society.

**Ms Buck:** I do not disagree with that. No system of benefits can survive without sanctions. They are an essential part of any such system: there will always be some people who deliberately undermine the system and calculatedly refuse to participate, so they are necessary. However, sanctions should be a measure of failure of the system, not a measure of its success. I am not saying that they are regarded by the Government as a measure of success, but I think that, subliminally, they almost are; it is as if the attitude is, "Well, we've managed to catch this many people doing something wrong and sanction them, and that shows the system's working." That is not the case. We in this House should always keep an eye on what is happening to levels of sanctions, and be very concerned when they rise.

The core point of new clause 8 is that sanctions must be balanced with incentives. We do that in terms of the employment and support allowance, but we do not do it in respect of lone parents. I think that the system is broadly right—I do not have any fundamental principled concerns about it. However, if we are going to make it work, we need to make sure that sanctions are borne down on and are matched in all cases with the incentives that we know work.

**John Howell** (Henley) (Con): I must express my disappointment that there are so many wrecking amendments from Labour and Liberal Democrat Members. The idea that we can bring about the major change required in this Bill through merely voluntary means, by offering and providing opportunities, strikes me as ludicrous. I am also still unclear about the scale of the change in the current welfare system that Labour Members believe is required.

I could not believe my ears when I heard that there was no evidence available to support the Government and ourselves on this issue. As a member of the Select Committee on Work and Pensions, I sat through an extremely valuable inquiry on the commissioning strategy, which was full of evidence. I fully admit that evidence can always be evaluated differently, but it is simply not

*[John Howell]*

the case that there is no evidence to support the Government. I hope that those of us who had the privilege of speaking to and questioning Professor Gregg will have been impressed by the academic research and evidence that went into what he had to say.

May I cite an example of two single mothers whom I met when I went to my local Jobcentre Plus and, with their permission, sat through their interviews? One of them had rushed to the jobcentre within an hour of getting a job to make sure that she was signed off from every possible involvement with Jobcentre Plus, not because the experience of working with the people there had been bad, but because she wanted a job. She required neither conditionality nor incentives; she just wanted to be in employment.

That single mother was shortly followed by a young mother from a similar background and of a similar age. Her attitude was that producing a child was her contribution to society—she thought it was all that was required—and no incentive would have convinced her otherwise. She is surely a good example of the need for personalised support and conditionality. How is a scheme of offerings and opportunities likely to work in practice in the example I have just given?

**John Mason:** Does the hon. Gentleman not think that if that young woman had the opportunity of a higher income, she, wanting the best for her child, would be incentivised into work?

**John Howell:** I thank the hon. Gentleman for his question, but the answer to it must be no. I had the benefit of sitting through that woman's interview, and she had fundamentally made up her mind that she had done her bit for society and other issues were not going to get in the way. There has been the tragedy of a wasted decade in welfare reform and I do not wish things to be further hampered by any of these amendments being passed.

The only amendment that deserves support is amendment 35, which deals with the absence of child care. Government changes over the past couple of years have created considerable fears in my constituency that the mixed child care economy of public and private provision, of which we are justly proud, is being undermined and that private providers might go to the wall. In addition, when my county introduced school provision for four-year-olds, which was welcomed as an issue of choice, it was quite clear that parents overwhelmingly believed that four was too young. People were very happy with the idea of five, because it is part of letting go of one's children and there were good practical reasons for it.

My final point deals with contracting out and the so-called privatisation. Listening to some Labour Members, one would think that the whole of Jobcentre Plus will disappear tomorrow into private sector hands. The evidence that we were given on the commissioning strategy pointed to the fact that the inclusion of the private sector can lead to considerable innovation in the service provided, particularly that provided to the long-term unemployed. On that basis, I hope that we will be sensible about these amendments and allow the reforms to go through. As my hon. Friends have mentioned, they do not go far enough, but they are a step in the right direction at the right time.

**John Robertson** (Glasgow, North-West) (Lab): Before I discuss my amendment 36, I wish to congratulate my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones), who was aided and abetted by my hon. Friend the Member for Hayes and Harlington (John McDonnell); after a standing start, she certainly got into her swing with the help she was given. I may not necessarily agree with everything she said, but I have some sympathies with her proposals.

I am sure that right hon. and hon. Members will be glad to hear that I wish to discuss just my amendment 36 and am not going to go through every amendment—that would mean that we would be here all night. If we are to place additional requirements on parents as part of these reforms, we need to make sure there is adequate support before the conditions kick in. I recognise the need to get people into work, particularly in the current times—it is important that people have that opportunity. However, with the prospective Bill on child poverty and the difficulty of reaching our targets on this, we need to make sure children are at the forefront of our minds when we consider the effect of these reforms. We cannot put extra strain on parents if they cannot afford it—that would mean that they would be left worse off in the welfare system, and that was never the intention.

Given the increasing obligations to be placed on parents who are unemployed, there is particular concern over the lack of high quality, flexible and affordable child care, particularly in Scotland. My amendment seeks to make sure that that is considered before strict conditions are placed on parents. It is a probing amendment—for the third time—to ensure that the Government have been listening and that children are at the heart of these reforms.

My right hon. Friend the Minister for Employment and Welfare Reform recognised the issues involved, both on Second Reading and in Committee, and undertook to revisit them on Report. We are now on Report and I look forward to his reply. I know that he has been looking at the matter, which is why I have re-tabled this provision.

I wish to thank the Scottish Campaign on Welfare Reform, which has helped me with this amendment. The group includes more than 40 organisations that work with people experiencing exclusion and poverty in Scotland, and when it was discussed in Committee the amendment attracted media coverage north of the border due to the group's excellent work. The provision seeks to make sure that unless a claimant has good access to affordable child care they will not be faced with a Catch-22 decision between benefits and making sure that their children are looked after.

My hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) made a good point that my amendment missed out: the cover provided for older children. I ask the Minister to have a word with his colleagues who deal with schools about after-school care and pre-school care, to ensure that children are looked after while parents are working and that the care that they get is sufficient for their needs and their education. That would go a long way to help remove the fears that my hon. Friend the Member for Regent's Park and Kensington, North has about whether older children are being looked after.

I wish to focus on the lack of child care in Scotland, because the Minister recognised that on Second Reading. According to figures from One Parent Families Scotland, more than 50,000 children could be affected by the planned changes. There are limited means of systematically monitoring Scottish-wide provision, so it is difficult to get a precise picture and no one can produce any knock-down statistics. However, there are a number of important factors that I would like to bring to the House's attention. First, there is a precedent for ensuring that child care arrangements in Scotland are taken into account in legislation. Implementation of provisions in the Children (Leaving Care) Act 2000 was delayed in Scotland for four years because removing benefit entitlement was based on alternative care arrangements in England and Wales that were not in place in Scotland—these differences remain today. There is no legal entitlement to child care in Scotland, unlike in England and Wales. There is no subsidy for child care for two-year-olds in Scotland, again unlike in England and Wales. There is no UK-wide equivalent of the Childcare Act 2006, which puts a duty on local authorities in England and Wales to secure as far as is practical sufficient child care to meet the needs of working parents. I hope that that message has been heard north of the border and that Scotland will put its house in order to meet the same requirements as exist in England and Wales.

6 pm

**John Mason:** The hon. Gentleman suggests that Scotland's house is not in order. Does he accept that in some ways that is a result of history? When we were younger, child care and nurseries were hardly heard of. The speed of change in Scotland may be different, but we have already heard that child care provision is inadequate in many parts of the UK, not just in Scotland.

**John Robertson:** I thank the hon. Gentleman for his intervention, which is one more than he made when we had this discussion in Committee. What he says does not mean that we do not have to supply child care today. I actually went to nursery school before I went to primary school—I was going to say that it made me the man I am today, but perhaps it made me half the man I am today. The important point is the obligation. It is not a question of whether Scotland's child care is better than the child care in England and Wales: the most important element is the obligation on the local council to ensure that when the Bill comes into force and parents are forced into work, there is sufficient child care to meet their needs. I am not claiming that England is better than Scotland or vice versa. I just want to ensure that local councils have an obligation to provide the service, so that the parents have some recourse if the child care is not made available. Lack of child care would be more than an excuse for not going into work, and it is difficult to work for people who are worrying about their child.

The DWP document "Impact Assessment of the Welfare Reform Bill", published in January, emphasised the importance of child care and recognised the risks of imposing obligations on parents. However, it stated that the risks were mitigated by the improvements in England and Wales as a result of the Childcare Act, which places a duty on local authorities in those countries to secure sufficient child care for working parents. Given that there is no such duty in Scotland, the risks of imposing conditions on parents clearly remain.

We also know that things have been moving in the wrong direction in recent years. Between 2006-08, there was a fall in the number of child care centres and child minders in Scotland from 10,388 to 10,322. It is a small fall, but any reduction is going the wrong way, because we should be seeing an increase. Cost, particularly for single parents and those couples with low incomes, is the biggest hurdle to getting a good job with an income to support their family. So it is of real concern that figures from the Daycare Trust show that the cost of out-of-school child care in Scotland increased by 29 per cent in the last 12 months, while the cost of a nursery place rose by 12 per cent.

I ask the Minister whether the Government have spoken to their counterparts in the Scottish Executive to ensure that the child care obligation can be met. I note that no one has criticised my questions, so I assume that everyone agrees that this is an area that needs looking at. I have been disappointed by the official Opposition. I tabled amendment 36 because in Committee everyone seemed to be in favour of the proposal, but the official Opposition have given no indication of whether they support the amendment or even whether they think that it is a good idea. Do they care about child care or not?

**John Mason:** Will the hon. Gentleman give way?

**John Robertson:** I would rather hear from the Conservatives, but I will give way to the hon. Gentleman.

**John Mason:** If the hon. Gentleman is so passionate about this issue, why will he not press amendment 36 to a vote?

**John Robertson:** A probing amendment is just that. If their lordships want to press this issue to a vote, that is up to them. I want to try to obtain an extra four years for Scotland to ensure that we match the facilities provided in England and Wales. Why would I push an issue to a vote when I am seeking an extension for Scotland before the Act comes into force?

In conclusion, I wish to emphasise that there are clear differences in child care provision in parts of the UK, such as Scotland. We clearly need to take great care in ensuring that the conditions placed on parents are not counter-productive in helping them into work and that, in no circumstances, do we leave them in a Catch-22 situation over child care. The Bill is based on what is happening in England and Wales, not in Scotland. I look forward to the Minister's reply.

**Mr. Rooney:** I wish to speak to amendments 42 to 47. Amendments 42 to 45 deal with clause 1, which covers "work for your benefit" schemes, or as it has been called today, Workfare. There has been much quoting—perhaps I should say misquoting—of various research and of what the Select Committee said about this subject. It is important to put the issue in context.

In the US, Workfare was defined as mandated participation in unpaid work activities as a condition of receiving social assistance. In New York, it applied from day one of a claim for assistance. In Wisconsin, the

*[Mr. Terry Rooney]*

system was corrupt from the start, with certain organisations—which are trying to set up in this country now—milking the system and making millions out of it, while claimants got nothing. Workfare never worked in Wisconsin, although some people got very rich—contractors as well as politicians.

At the height of the system in New York, in 1999, some 40,000 people were on Workfare. Today, there are 3,000, because the authorities have realised that it does not work. The scheme that was being operated in New York was nowhere near what is proposed in the Bill. Hon. Members can object to the scheme in the Bill, but it is not Workfare as operated in New York. Australia had a totally different system. It did not take effect until people had been on benefit for six months and all Workfare was in the non-productive sector. In fact, there was great concern that people were getting no work experience at all, and it largely failed in Australia for that reason.

It is claimed that there is no evidence that Workfare works. In fact, in New York, it worked as a massive incentive for people to cancel their benefit claim or not to claim in the first place. That is what happens under a proper Workfare system that operates from day one of the benefit claim. The "work for your benefit" proposal does not take effect until people have been on benefits for two years. Frankly, if our employment services cannot get someone into work after two years, there is something wrong with the system to start with.

We know, from the work trials for lone parents that have been done with Marks & Spencer and other organisations, that they work. Generally, the person works for four weeks and demonstrates capability—not least being able to arrive on time—and the vast majority of those people get jobs. That is what the direction of travel has to be.

**John McDonnell:** The Government's scheme is called "work for your benefit", so I think that it can be translated into a requirement to work to receive benefit. I commend the schemes that my hon. Friend has recommended, which are voluntary schemes.

**Mr. Rooney:** There are different definitions of voluntary. The schemes are largely voluntary, but I think that there are hidden pressures behind them. However—this is where I have to take exception with my hon. Friend—such schemes work. When something works, why not—

**John McDonnell** *rose—*

**Mr. Rooney:** No, my hon. Friend will have to wait. He spoke for 40 minutes; will he let me have a go for five minutes?

When something works, why not extend the opportunity to take part in it to others?

There is an issue about compulsion, but let us deal with the matter in general—let us not deal with lone parents. If somebody has been on benefit for two years and has had every type of assistance going, if they have been through the ordinary new deal and the flexible new deal, if they have had intensive programmes and a skills audit and if they still do not have a job, that suggests that something is missing.

I recommend to my hon. Friend the Member for Hayes and Harlington (John McDonnell) and anyone else in the House the research conducted by Reed in Partnership. It analysed every person who had been through its employment zone and found that 16 per cent. of participants did not have a job, training or anything at the end of it. Why? They did not want to work. They were quite open and blunt about it. They just wanted a life on benefits. They did not want to go to work. Reed arranged interviews and half of them were offered jobs, which they turned down. There must come a point where the state says, "If you are not going to play ball at all, the sanction will come in."

**Lynne Jones:** I agree that if somebody has a job offer and real job opportunities, that is one thing. However, many people face a great deal of prejudice in trying to get employment, particularly those with mental health problems. I am very much opposed to any compulsion for that group, because it is likely to be counter-productive. On the two-year period, we do not know what will happen in two years' time and how difficult it will be when we have high unemployment.

**Mr. Rooney:** Last month, 200,000 people left benefits for work. People seem to think that the whole economy has frozen up and that nobody is getting jobs. There is still a massive flow either way. More people are losing jobs than are getting jobs, but a huge amount of people are still moving into work and we need to recognise that.

The vast majority of those with mental illness receive employment and support allowance, and they get special support and pathways to work. All the difficulty about fluctuating conditions is recognised. Some of the work done with people with mental illness problems in the pathways to work pilots was quite stunning. I recommend that my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) look at the results of the pilots, if she has not already, to see what happened.

**Lynne Jones:** I think that the Secretary of State has acknowledged that even the pathways to work programme has not always been successful for people with mental health problems.

**Mr. Rooney:** It has been far more successful than any other programme. It still gets a low level of people into work, but that is more to do with the prejudice of employers than the programme on offer. If our dear friends in Victoria street, in what used to be called the Department of Trade and Industry—whatever it is called now—ever came to their senses and brought in proper legislation on discrimination by employers, that would do far more for people with mental illness than any DWP scheme.

**John McDonnell:** Will my hon. Friend give way?

**Mr. Rooney:** Go on then.

**John McDonnell:** I do not know why my hon. Friend is dismissive, quite honestly. We have engaged in a fruitful debate until now. If a person declines a job, sanctions are available under the existing system. This provision introduces a sanction that forces people to work for their benefits. That is what this is all about. My

hon. Friend said that we should turn this into an opportunity, and that is exactly what my amendments do. They offer an opportunity that we know—he has just demonstrated it—works on a voluntary basis but does not work when there is compulsion.

6.15 pm

**Mr. Rooney:** That argument suggests that if a person stays on benefit for 25 years, they will still be subject to no compulsion. That is nonsense. There must come a point when, for the benefit of the individual—never mind the benefit of the taxpayer—we do something different for them. The Bill is offering six weeks of work experience—it could be called a work trial, but it cannot be called Workfare—for four days a week, with the other day allowed for job searches, skills development and other top-ups to the assistance that those people have already received for two years. It is not Workfare. If people are going to carry on calling it that, they ignore the evidence.

My hon. Friend the Member for Hayes and Harlington quoted the Select Committee's report, but he did not finish the quotation, because the report stated:

"We welcome the Secretary of State's emphasis on the difference between 'workfare' and the 'Work For Your Benefit' pilots proposed in the Welfare Reform Bill and we urge the Government to ensure that the piloted approach does not negatively impact upon the employment opportunities of those on the programme. We ask the Government to publish a full evaluation of the pilot and we recommend that it only proceeds with the programme if this appraisal demonstrates convincing proof of success."

That is the basis of my amendments. The provisions should be piloted on a gentle approach because this is new territory for this country. We know some of the pitfalls from the research. Indeed, the person who carried out the research that my hon. Friend quoted was the specialist adviser to the Committee's inquiry, so we had his advice at first hand, and he was able to give us a detailed insight into the systems operating in Australia, Canada and the US. He was adamant that what is being proposed in Britain is not Workfare.

Let me correct another quotation. It was suggested that we questioned or doubted the efficacy of the flexible new deal. The Committee actually said:

"The Committee has endorsed the principles of"

the flexible new deal

"in this report. As a programme that provides more personalised support delivered through large-scale, longer contracts it has the potential to offer better support for the long term unemployed than is currently available."

Mention has been made of Mr. Freud—David Freud, that is, not the other one. I wonder why he has acquired such a Svengali-like reputation because there was nothing revolutionary in what he said. He came up with two key principles, and, again, they were nothing new. The first was that when people had been long-term unemployed, they had to have much more intensive and expensive support to help them back into work, and that the best way of doing that was to transfer the risk of the cost to the private sector. The second was that the way to fund the first proposal was to use the benefit savings to pay the private contractor. That was absolute anathema to the Treasury and ever since David Freud's report came out, the Treasury has been resisting it, because it does not want the report's proposals to be accepted. One pilot is under way now—I forget where—and we will have to see what the outcome is.

Some of the pathways to work pilots were partly funded by benefit savings and it is clear that there are benefits arising from the private and voluntary sectors carrying out employment programmes. That is nothing new. It has been going on for about 25 years. The truth is that Jobcentre Plus can offer very little to people who have been on benefit for a year, but it offers a superb service in the early days of unemployment, and especially in the first six months, as it can get about 65 per cent. of people back into work in the six months after they first claim.

The staff at Jobcentre Plus perform extremely well. What is being proposed would be a completely new area of activity for them, but it is something of a misnomer to say that something that is not happening at the moment is being privatised.

**Paul Rowen:** I listened carefully to what the hon. Gentleman said about Jobcentre Plus being good in the early days of a person's unemployment. Does he accept that one of the most retrograde steps in the flexible new deal is that it gives intensive support after 12 months out of work and not at the beginning? That is why the scheme will not work.

**Mr. Rooney:** This is a difficult argument. Giving people the same intensive support at the start of a claim that they get further down the track would probably treble the cost of Jobcentre Plus. I forget the exact figures, but about two thirds of claimants get a job within the first three months of unemployment. Most of them will get a job whatever the Government do, but the skill lies in identifying at the start of a claim those who will take a long time to find work.

I use the word "skill", but it is obvious that ex-offenders, people with drug or alcohol abuse problems and repeat claimants will take a long time to find work. Lots of people could be identified much earlier, but the Bill proposes a facility to accelerate access to the additional help that comes after six months so that people can get it right from the start of their claim. It is the skill of Jobcentre Plus staff to identify those for whom that acceleration would be appropriate.

Personal advisers have been around for only about 10 years, but they are the linchpins of the system—the system works only thanks to their numbers and quality. Jobcentre Plus does what it does better than any employment service organisation in the world. In Australia, for example, the employment service was effectively privatised but it cannot have been very good because it went bankrupt and went bust inside two years. Most people in this Chamber will never experience unemployment—although there might be a problem for some of us next year, but we will deal with that—so we do not have personal knowledge of how things have changed. Jobcentres now are vastly different from what they were 10, 15 or 20 years ago. The idea that people should be given support and help to get them back into work is only about 15 years old. Such things never used to happen.

This will be the only compliment that I shall to pay to those on the Liberal Benches, but this year is the centenary of the Labour Exchanges Act 1909. The original labour exchanges that it introduced literally used to exchange labour for a job, but anyone in 1909 who suggested giving unemployed people a personal adviser would have been laughed out of court. We have moved on from that.

*[Mr. Rooney]*

I think that it was the hon. Member for Henley (John Howell) who spoke about the "welfare reform failure" of the past 10 years. My goodness! He should have seen what conditions were like in the previous 20 years. The things that have happened over the past 10 years—and the development of Jobcentre Plus is not the least of them—represent a massive step forward. People who sadly lose their job and experience unemployment are amazed at the quality of provision that they get.

**Paul Rowen:** The hon. Gentleman has spoken about Jobcentre Plus, but does he accept that needs have changed because more people who traditionally have not been unemployed are now losing their jobs? A person came to my surgery the other week who had not been unemployed in her life. After 35 years at Woolworths, she went to Jobcentre Plus and was told to go back at Easter, but it was also made clear that, if there was no job for her then, there would not be one before Christmas. She was expecting all sorts of support but got none, and that is part of the failure. Does he agree that the 12-months arrangements proposed for people like my constituent—that is people who have never been unemployed or on drugs—need to be addressed?

**Mr. Rooney:** I take the hon. Gentleman's point, but I want to say a couple of things about former employees of Woolworths. Of the 30,000 people made redundant by the company, fewer than 6,000 have made a claim for benefit. The numbers still on benefit are dropping day by day, so it is clear that the closure of Woolworths was not the catastrophe that it was supposed to have been. In addition, the average staff turnover in retail is 26 per cent. a year, which means that people who leave a job are not always losing it. Staff changes are common in retail: even in the current difficult climate, almost every major retail chain has hundreds, if not thousands, of vacancies across the country.

I do not think that it is typical for a retail worker to work for 30 years and have no experience of unemployment, but some 2.5 million people every year make a new claim for jobseeker's allowance. That has been going on for many years: people seem to think that unemployment does not happen any more, but it does. Yet it is also true that 2.5 million people also move into work every year, and that the vast majority of them do so within three months of making a claim.

There has been huge activity in the economy in the past few years. At present, slightly fewer people are getting jobs and slightly more are losing them, but that economic activity is still going on. There is still a role for Jobcentre Plus, but the person mentioned by the hon. Member for Rochdale (Paul Rowen) who has worked for one company for 30 years is exactly the sort of person who will benefit from the skilled personal adviser. A lot of advice is given at the initial interview, and it is obvious that a person with a proven track record of work is much more likely to get another job rapidly.

I accept that the profile of people who have been unemployed more than 12 months will change. The new arrangements are not in place yet: they will start feeding through only this autumn, and that is another reason why we need specialist provision. However, offering that specialist provision to every claimant from day one would probably treble the bill for Jobcentre Plus. That would not be very good economics.

**John Barrett** (Edinburgh, West) (LD): The hon. Gentleman said that many former Woolworths employees were not claiming benefits, but does he accept that that was because they were not entitled to them? Many of those workers were women who worked part-time.

**Mr. Rooney:** That is a convenient excuse. About 1,800 former Woolworths employees retired, having reached or even worked past retirement age. It is true that some former Woolworths workers were not entitled to benefit, but that will always be the case. It is nothing new: in the 1970s and 1980s, lots of women who lost their jobs were not entitled to benefits because they kept on paying their married women's stamp. That does not alter the argument about the service that is provided.

**Mr. Tom Harris:** The hon. Member for Edinburgh, West (John Barrett) makes a valid point, but the fact that a claimant is not entitled to receive benefits does not preclude them from making a claim. My hon. Friend the Member for Bradford, North (Mr. Rooney) is right to say that many of the former Woolworths employees did not claim benefit, whether or not they were entitled to receive it.

**Mr. Rooney:** I think that I have been on that subject long enough. I want to move on.

Some of the amendments that I have tabled call for pilot schemes to be conducted, and I hope that the Government accept the need for that. They also propose that the work for benefits scheme must end in 2013 unless it receives a positive evaluation, and that special care must be taken to evaluate how especially vulnerable groups fare in the system.

Finally, clause 1 talks about a system that is "designed", but my amendment 44 proposes that the wording should be "personally tailored". The word "designed" suggests that everyone must fit a template imposed by a person on the outside, whereas the phrase "personally tailored" takes much more seriously the need to make the advice given by personal advisers relevant to the individual.

**Lynne Jones:** I endorse my hon. Friend's call for pilot schemes, but how does he envisage that the control scheme would work? A control scheme that just carries on as usual would offer no useful comparison with a pilot scheme that is active and in which people are positively engaged. Does he agree that we need active schemes, one voluntary and one compulsory, because that would allow us to compare the voluntary and the compulsory approach?

**Mr. Rooney:** The challenge of any scheme and any evaluation is to have a control model. I do not know whether that model should involve those who do not participate at all or those who volunteer. One thing to the DWP's credit is that it is extremely good at commissioning research. In fact, most university social science departments would close down without the DWP. The hon. Member for Northavon (Steve Webb) would have been unemployed for 20 years if it had not been for the DWP and its predecessors—it has got a lot

to answer for! The Department is extremely good at commissioning research, which often turns around and bites it or kicks it in the teeth, unlike in America, where an extreme paucity of research into the impact of policies lets Washington get away with murder, but I must move on.

6.30 pm

Amendment 46 seeks to delete—it really hurts to say it—clause 4. I am not sure what the policy intention is of clause 4. *[Interruption.]* No, if we wanted to nationalise the top 200 companies now, we would have to invade Tokyo, Paris, New York and Berlin or something. Clause 4 seems to suggest that, where both people in a couple are entitled to make a claim and one of them has a health condition and the other does not, the one with a health condition will no longer be allowed to make a claim and that the one without a health condition will have to make a JSA claim, subject to the job-searching routine and so on. It seems to me that that removes choice, because one individual is no longer allowed to make a claim and she—I suspect that mostly women will be impacted by the provisions—will not have the benefit that would have been previously available to her under employment and support allowance. That represents a policy deficit, and I hope that the Minister can explain what lies behind that clause.

Amendment 47 seeks to delete clause 11, which will alter the conditions for receiving employment and support allowance. There are two contribution conditions—the first condition and the second condition, as those who are expert in these things will know. At the moment, the first condition is that people must have paid national insurance contributions sometime in the past three years. Clause 11 seeks, for some reason, to reduce that to two years. It aligns that benefit with JSA, so I suppose that there is some logic in that, but it seems a particularly picky and negative thing to do. I do not think that many people will be affected by that proposal and I cannot see any financial advantage to the Department, so I hope that the Minister will comment on it.

**Mr. David Winnick** (Walsall, North) (Lab): I was present earlier for part of the debate, and I will not take very long. In fact, I will be very brief. I want to make three points. First, I do not accept the premise, which has been proposed on other occasions, that a large number of people who receive benefit are workshy. I do not doubt for a moment that some people are workshy, but when I visited a jobcentre in my constituency recently, I found people eager—indeed, desperate—to find work. I am sure that the same applies to other hon. Members who make such visits, and that experience should be taken into account. I certainly do not accept the premise that it is necessary to take action because the majority of people on benefits do not want to work, and I have never accepted it. My local press has reported in the past fortnight that, where vacancies have occurred—not many—hundreds of people have applied. That is hardly an illustration of people being shy of finding work.

My second point is that I cannot accept that single mothers with children as young as three should be transferred, as I understand it, from income support to JSA, at least in certain cases. I accept that, yes, it is right when the child is older—seven and above—that efforts should be made to get the single parent into employment, where there are jobs of course. Obviously, when the children are as young as three, there is no reason at all why there should not be ongoing discussions between the jobcentre and the person concerned. No one would object to that—I certainly would not do so—but to use undue pressure where the child is as young as three is without any justification, and I could not support it.

The last point that I want to make has been much commented on by my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) in moving the new clause. Why will private companies be so deeply involved instead of Jobcentre Plus? I listened to my hon. Friend the Member for Bradford, North (Mr. Rooney), but Jobcentre Plus has long experience. I do not know whether it is some sort of sin that it should be in the public sector, which it obviously is, but I need to be persuaded that it is necessary that, as I understand it, 33 out of 34 contracts will go to the private sector. Why is that necessary? I could understand it if there was a Conservative Government. Indeed, we have been given a bit of warning today about what a Conservative Government are likely to do. I find it difficult to understand why a Labour Government have put such emphasis on the private sector instead of on the traditional public sector agency that is responsible for finding employment. I hope that my right hon. Friend the Minister will respond to those three points.

**The Minister for Employment and Welfare Reform (Mr. Tony McNulty):** Let me start by agreeing with the first comments made by my hon. Friend the Member for Walsall, North (Mr. Winnick) and the tenor of some of the debate. The emphasis of the Bill is not that those who have the misfortune to find themselves unemployed are feckless, workshy or lazy. In fact, the evidence is entirely to the contrary.

The premise of the Bill and of the clauses that these amendments seek to amend is not that we will introduce Workfare for everyone or, indeed, sanctions for everyone in all circumstances. Those who suggest otherwise mislead the debate, and that is not terribly helpful in all circumstances. Nor is the Bill made for another time or another age. It is not fair that some hon. Members would rather leave those who are in the unfortunate position of being unemployed for any length of time to wallow in that position. That cannot be right for any hon. Member; it cannot be right as a matter of public policy. If we remove some of the elements of the Bill, suitably crafted, and allow some of the amendments to prevail, that would be the end result. That is not the intention of many hon. Members.

Nor does the Bill seek in any way, shape or form to stigmatise the unemployed or cast any aspersions on the lot of any unemployed individual. My hon. Friend the Member for Walsall, North made the point that it is indeed the case, as experience shows, that most unemployed people seek to get back into work at the earliest opportunity.

**Mr. Winnick:** I am grateful to my right hon. Friend for what he has just said, but he used the phrase "wallow in unemployment". Will he say clearly that, far from wanting to be complacent about people being unemployed, the Labour party has a long history—indeed, as long as the party has existed—of fighting unemployment and of giving the opportunity of employment to everyone who wants to take it? We fought the Tories in the House,

*[Mr. Winnick]*

as well as outside, during the 1980s and for part of the 1990s. We are the last people to be complacent about unemployment.

**Mr. McNulty:** I certainly was not suggesting that my hon. Friend was the least bit complacent. All that I am suggesting is that if many—not all—of the amendments considered tonight prevailed, they would be the alternative that the hon. Members who tabled them would have to offer many unemployed people. Those hon. Members have not put forward a substantive alternative. They have not said anything other than, "In one instance, we'll raise the benefit level a little bit." As for help and support—the essence of the Bill, and elements of the White Paper and Green Paper—there is no advice on what the unemployed should do. It is important to put those elements on the record, because the Bill is far from having been designed for another age. My question is: if not now, when? Now is not the time to say to the long-term unemployed that there is no help or support for them at all, especially given the deteriorating economic conditions.

**Lynne Jones:** My right hon. Friend's interpretation of the views that I and other Labour Members expressed is a travesty. We are saying that the voluntary approach has been shown to be more effective in engaging people in the world of work, and we should pursue that approach. We are saying that any schemes that involve sanctions or people losing their benefit should be subject to a pilot scheme that compares that approach with a voluntary approach, so that we can see which works best.

**Mr. McNulty:** Yes, and as I understand it, that position prevails. As my hon. Friend the Member for Bradford, North (Mr. Rooney) said, whether the period is five or 25 years does not matter; the person concerned can languish on benefits, and the state or public policy has no role at all. That is not an active, interventionist state, and it cannot be the way forward.

**Mr. Clappison:** I support a great deal of what the right hon. Gentleman is saying, but does he think that it would help the debate if we clarified that we are not necessarily talking about the unemployed? We are talking about people who are economically inactive, and have been on economically inactive benefits. That is quite apart from people who are on jobseeker's allowance and the requirements in relation to them. There is a large number of economically inactive people, and a very large number of them—2 million of them—want to work. We should be giving them help.

**Mr. McNulty:** I agree that that is the starting point. That is the starting premise behind the Green Paper, the White Paper, the work that Freud and Gregg have done, and the work by many social welfare organisations and think-tanks across the political spectrum. That is right and proper. The wider starting premise of all the measures is that we will give as much focused, personalised help and support as possible to every individual, in all circumstances. As my hon. Friend the Member for Bradford, North, said, that starts with what we offer people as soon as they come through the doors of Jobcentre Plus, and goes on to include the six-month package that we will offer from 6 April.

I have some sympathy with the hon. Member for Rochdale (Paul Rowen) on his broader point. There should be a debate on where the more substantial support should come. I happen to agree with my hon. Friend the Member for Bradford, North that flipping the system over and having it all at the beginning is probably not appropriate, but the point made about whether the period should be three, six, nine, 12 or 18 months is fair—it is a fair point for debate. That point for debate, however, was totally missed in our discussion on the amendments about "work for your benefit" schemes. The illusion given was that we were talking about universal sanctions that start straight away, and that we were seeking to apply "work for your benefit" schemes to every single claimant, which is far from the case.

**Paul Rowen:** I accept the point that the Minister makes. Our point is that everyone should be assessed on day one. The assessment will determine the action taken, and then there will be a range of activity for that individual. Moving everyone who is on the flexible new deal to the 12-month arrangement, including young people, would, in our view, be a retrograde step, unless the Minister could give us an assurance that there will be a proper assessment of the person's needs on day one.

**Mr. McNulty:** Increasingly there is such an assessment. I have gone on record saying that we may need to, and should, do more to assess people's roles, especially given the downturn, from the time when they originally present. I said clearly in the previous debate that the woman who interviewed me who worked successfully for Findus for 20 years needs a slightly different approach, from day one, from someone who is dipping in and out of employment all the time, whether as a matter of choice or otherwise. I therefore take the point that the hon. Gentleman made earlier about Woolworths.

6.45 pm

It would be remiss of me if I did not refer at least to the lead new clause, if not to some of the other amendments. There has been a fairly extensive debate, but I thought it important to put my contextual points on the record. New clause 1 seeks to homogenise JSA rates across age groups. I express no view about why my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones) seeks to do that, but I point out that jobseeker's allowance is not, and should not be, a substitute for wages for paid employment. It would not be in anybody's interest if benefit levels offered an alternative to work. That would fundamentally undermine what the benefits system and the welfare state are there for.

Notwithstanding the comments of the hon. Member for Northavon (Steve Webb), the majority of those under 25 have fewer financial responsibilities and lower earnings expectations than older workers. Paying the full adult rate would not therefore reflect the reality of the labour market and would erode the incentive to move off benefits and into work. For those reasons, I cannot support new clause 1. As my hon. Friend the Member for Birmingham, Selly Oak, knows, it is important to remember that for those young people with additional financial pressures, such as those who are parents or who are disabled, there is additional support, for example from tax credits or disability living allowance.

**Lynne Jones:** On that point, could my right hon. Friend have a word with the Prime Minister? It was certainly the Prime Minister's view that keeping benefits so low was not an incentive to get people back to work; it did not help people to get back to work if there were no jobs available for them.

**Mr. McNulty:** The point that my hon. Friend misses slightly is that I think that the disparity between the amounts for different age groups should prevail. There is, of course, a perfectly legitimate wider argument to be had about the level of benefits, the relation to wage levels and the minimum wage, and how the two interact; I agree that that is perhaps a debate for another time. However, it is not germane to the Bill.

On the notion of paying wages rather than JSA under the "work for your benefit" programme, as I have said, "work for your benefit" will be introduced only after two years of sustained, long-term unemployment, and not in any other fashion, as was at least intimated. We think that paying wages rather than JSA would result in an erosion of the incentives to move into the open labour market and into paid employment. We genuinely do not want to create a system in which, after two years' long-term unemployment, the "work for your benefit" programme is the end of a jobseeker's journey to work; it should rather be a stepping stone. I hope that the more we focus on personalised help and support being offered to individuals far more readily, and far earlier—certainly after a year—the fewer people will come into the category of having been unemployed for two years or longer.

There is a misunderstanding of the nature and purpose of the "work for your benefit" scheme. It is not employment; it is an employment programme. It is designed specifically not only to give people the chance to develop work habits and experience through supported placements, but to deliver tailored back-to-work support. For those reasons, we cannot support amendment 15 or the broader array of amendments—that is, amendments 11 to 14 and amendment 16. As my hon. Friend the Member for Bradford, North, said, the scheme is clearly not Workfare in any way, shape or form. I agree not only with DWP research, which is rather handy, but with some of the comments made about those overtly Workfare-focused schemes in America and Australia that have not worked in all regards.

Amendment 36, tabled by my hon. Friend the Member for Glasgow, North-West (John Robertson), seeks to ensure that jobseekers can be required to participate in the "work for your benefit" programme only if good-quality, affordable, flexible child care is available. As he moved the same amendment so eloquently in Committee, I understand where he is coming from, but it is unnecessary now, as it was then. I will do as he asks and raise the point about provision for older children, and the issues of child care more generally, with colleagues in the Department for Children, Schools and Families and with the devolved Administration, but I can confirm that parents on JSA will not be sanctioned if they fail to participate in "work for your benefit" because they cannot access appropriate child care. I said that in Committee, and my right hon. Friend the Secretary of State has said it on any number of occasions. That, rather like other aspects of the Bill, has been entirely—and wilfully, I think—misinterpreted as "Lone parents had better get a job. We'll force them into a job regardless of the circumstances or the barriers." That has never been the position, nor should it be.

On the broader issues that my hon. Friend raises about Scotland, I agree that it is high time that Scotland put its house in order and came into line with England and Wales in respect of child care provision. Sadly, even since the Committee, there remains no commitment from the Scottish Government to legislate in the area of child care or to make further investment using existing powers. Indeed, the latest pronouncement by the Scottish Government in December last year, although recognising the importance of child care, makes no mention of any new initiative or additional resources—a little bit of gesture politics from the nationalists.

**John Robertson:** Is my right hon. Friend telling me, then, that he has spoken to his counterparts north of the border and that they are not willing to do anything to try to help the children in Scotland by means of a similar obligation to that in England and Wales?

**Mr. McNulty:** I am not telling my hon. Friend that I have spoken to Scottish Ministers since our Committee finished, but I repeat that there is no commitment from that Government to legislate, and from their perspective, apparently, no more money and no further investment are needed. I do not see why Scottish parents should have to wait for that Government to catch up with everybody else and for the necessary legislative conditions to prevail. I hope that we can, in the end, prevail upon the Scottish Government to get their act together and, as my hon. Friend rightly says, put their house in order, although I fear that that may take some time.

**John Mason:** Will the Minister give way?

**Mr. McNulty:** I will, because the hon. Gentleman did at least speak once in Committee, for which we are grateful.

**John Mason:** I thank the Minister for giving way. I do not always agree that volume of words is better than fewer. May I press him on the point about Scotland coming into line with England? Does he accept that the point of devolution is that we do things slightly differently in the different nations?

**Mr. McNulty:** As devolution is dear to my heart, I fully accept that you do things differently, but we would rather like you to do it. That is the point. I am sorry about the "you", Mr. Deputy Speaker. We would rather like broad agreement across all devolved Administrations that child care is a fairly important provision. It is quite right that it should be devolved. I have no problem with that, but as my hon. Friend the Member for Glasgow, North-West says, the Scottish Government should get their house in order.

My hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) was spot on when she spoke on amendments 17 and 35. The child's age at which lone parent obligations should start in respect of work-related activities is, as she described it, a red herring. The substantive point, which is at the centre of the Bill, is that the quality of child care, flexibility and sensitivity are crucial. The prescription suggested by the

*[Mr. McNulty]*

hon. Member for Rochdale, that there should be no help and assistance for lone parents until child care which meets a gold standard is offered everywhere, will not do.

Gregg was looking for such provision from the time the child was one. We do not consider that appropriate. It is appropriate for the parent to undertake work-related activities when the child is aged three to six, not least because of pre-school provision at three and four and full-time education at five.

**Mr. Gerrard:** My right hon. Friend has just said, in relation to lone parents, that age was a red herring. If it is so unimportant, why is it in the Bill?

**Mr. McNulty:** For the reasons that my hon. Friend the Member for Regent's Park and Kensington, North suggested. There may well be significant barriers, in terms of child care provision, for someone with a child considerably older than three, six or seven, and the personalised and tailored support package will take full account of that. All we are saying is that those lone parent obligations start at the earlier age. If the barriers still prevail, the sanctions and direction will not be implemented. In that sense, age is a red herring.

In the context of all that we are trying to do to reduce child poverty, it must be right that the lone parent obligations prevail. A child in a household where no adult is working has a 63 per cent. risk of living in poverty. That is much higher than the 29 per cent. risk of poverty for children in households where at least one adult is in work. This is not about compelling lone parents into jobs that are not appropriate. Like every aspect of the welfare reform agenda, the Bill's provisions are about helping people back into work as quickly as possible, or giving them help, support and activity to enable them to stay as close to the labour market as possible.

I recognise that I have not touched on every amendment, and there is one more that I shall deal with, but it would detain the House too long if I went through every amendment. I will take back the detailed points made by my hon. Friend the Member for Bradford, North about clauses 4 and 11. I shall examine them closely to see if they are as he describes them, but I do not think they are.

We say clearly, as we have done for the period of the present economic downturn, that all that Jobcentre Plus does is in the right direction. It is a network staffed by professional people doing a very good job at all times, increasingly in more difficult circumstances. As I have described it before, it is a learning organisation; it learns from the 30-year employee who presents for the first time, as we heard, and from those from professions and sectors who have not presented before.

We are told that we are privatising parts of the Jobcentre Plus organisation, but we are not. Contracting out—delegating out those contracts—is not the same as privatisation. Those contracts are going to the voluntary sector and the private sector to get them to carry out specific parts of the operation, to cover the journey of people who are long-term unemployed—areas in which they can develop expertise while Jobcentre Plus does what it does best on the front line, helping people from day one all the way through and retaining overarching supervision of the pathways developed under flexible new deal. Some of the descriptions of what Jobcentre Plus does verged on travesty.

**Lynne Jones:** I presume that my right hon. Friend is aware of the memorandum circulated from the DWP, which makes it clear that the provider-led pathways to work have been far less successful than the Jobcentre Plus-led pathways. We have there a clear example of Jobcentre Plus being more effective, so why does he assume that private providers will automatically be better at all the new services that are to be provided?

**Mr. McNulty:** I have told my hon. Friend and others by way of answers to parliamentary questions that there are emerging data on that. It is still early days. We are looking at the data and will present our findings in the fullness of time. If the performance is not appropriate, we will deal with it. As was said, the Gregg report and others certainly stand up the notions that sanctions work and that the voluntary sector can do the job. However, it is not the case, as is intimated, that a whole set of activities at present carried out by Jobcentre Plus will not be carried out by it in future. That is the impression given, but it is not the case. For that reason we resist amendments 26 and 29.

At the risk of sounding churlish and less than generous, I ask the House to resist new clause 1 and any other amendment in this group that is subsequently put to the vote.

*Question put,* That the clause be read a Second time.

*The House proceeded to a Division.*

**Mr. Deputy Speaker (Sir Alan Haselhurst):** I ask the Serjeant at Arms to investigate the delay in the No Lobby.

*The House having divided:* Ayes 85, Noes 408.

**Division No. 74]** **[6.59 pm**

**AYES**

| | |
|---|---|
| Alexander, Danny | Godsiff, Mr. Roger |
| Baker, Norman | Goldsworthy, Julia |
| Barrett, John | Grogan, Mr. John |
| Beith, rh Sir Alan | Harris, Dr. Evan |
| Brooke, Annette | Harvey, Nick |
| Burgon, Colin | Havard, Mr. Dai |
| Burt, Lorely | Heath, Mr. David |
| Campbell, rh Sir Menzies | Hemming, John |
| Campbell, Mr. Ronnie | Hoey, Kate |
| Carmichael, Mr. Alistair | Holmes, Paul |
| Caton, Mr. Martin | Horwood, Martin |
| Clark, Ms Katy | Howarth, David |
| Clegg, rh Mr. Nick | Huhne, Chris |
| Cook, Frank | Hunter, Mark |
| Corbyn, Jeremy | Iddon, Dr. Brian |
| Cousins, Jim | Jones, Lynne |
| Davey, Mr. Edward | Kennedy, rh Mr. Charles |
| Davies, Mr. Dai | Killoyle, Mr. Peter |
| Dobson, rh Frank | Kramer, Susan |
| Drew, Mr. David | Lamb, Norman |
| Farron, Tim | Laws, Mr. David |
| Flynn, Paul | Leech, Mr. John |
| Foster, Mr. Don | Llwyd, Mr. Elfyn |
| George, Andrew | Marlow, Mr. Eric |
| Gibson, Dr. Ian | Mason, John |
| Gidley, Sandra | McDonnell, John |

McFall, rh John
Mitchell, Mr. Austin
Moore, Mr. Michael
Mulholland, Greg
Oaten, Mr. Mark
Prentice, Mr. Gordon
Price, Adam
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Simpson, Alan
Skinner, Mr. Dennis
Smith, Sir Robert
Stunell, Andrew
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Truswell, Mr. Paul
Wareing, Mr. Robert N.
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wishart, Pete
Wood, Mike
Younger-Ross, Richard

**Tellers for the Ayes:**
**Mr. Neil Gerrard and Kelvin Hopkins**

## NOES

Afriyie, Adam
Ainger, Nick
Ainsworth, rh Mr. Bob
Ainsworth, Mr. Peter
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Ancram, rh Mr. Michael
Anderson, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bacon, Mr. Richard
Baird, Vera
Baldry, Tony
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Bellingham, Mr. Henry
Benn, rh Hilary
Benton, Mr. Joe
Benyon, Mr. Richard
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Bone, Mr. Peter
Borrow, Mr. David S.
Boswell, Mr. Tim
Bradshaw, Mr. Ben
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browning, Angela
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burns, Mr. Simon
Burrowes, Mr. David
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Chapman, Ben
Chaytor, Mr. David
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David
Denham, rh Mr. John
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorries, Nadine
Dowd, Jim
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Ellwood, Mr. Tobias
Engel, Natascha
Ennis, Jeff
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francis, Dr. Hywel
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
George, rh Mr. Bruce
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Griffith, Nia
Griffiths, Nigel
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hammond, Mr. Philip
Hammond, Stephen
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Mr. Tom
Hayes, Mr. John
Heald, Mr. Oliver
Healey, rh John
Heathcoat-Amory, rh Mr. David
Henderson, Mr. Doug
Hendry, Charles
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hoon, rh Mr. Geoffrey
Hope, Phil
Horam, Mr. John
Howarth, rh Mr. George
Howarth, Mr. Gerald
Howell, John
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lammy, rh Mr. David
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Leigh, Mr. Edward
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Mr. Ivan
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Linton, Martin
Lloyd, Tony
Loughton, Tim

Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Maclean, rh David
Mactaggart, Fiona
Mahmood, Mr. Khalid
Main, Anne
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Milton, Anne
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Mundell, David
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Plaskitt, Mr. James
Prentice, Bridget
Primarolo, rh Dawn
Prisk, Mr. Mark
Pritchard, Mark
Purnell, rh James
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Shepherd, Mr. Richard
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Mr. Keith
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soames, Mr. Nicholas
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Tredinnick, David
Trickett, Jon
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Usher, Kitty
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walley, Joan
Walter, Mr. Robert
Waltho, Lynda
Ward, Claire
Waterson, Mr. Nigel
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Whittingdale, Mr. John
Wicks, rh Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Mr. Rob
Wilson, Sammy
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Young, rh Sir George

**Tellers for the Noes:**
**Barbara Keeley and**
**Mr. Frank Roy**

*Question accordingly negatived.*

## New Clause 4

DISABILITY LIVING ALLOWANCE FOR BLIND CLAIMANTS

'(1) Section 73 of the Social Security Contributions and Benefits Act 1992 (c. 4) (the mobility component) is amended as follows.

(2) In subsection (1), after paragraph (b) insert—

"(ba) he falls within subsection (2A); or".

(3) In subsection (1A) (a), after "(b)", insert ", (ba)".

(4) After subsection (2), insert—

"(2A) A person falls within this subsection if—

(a) he is blind; and

(b) he satisfies such other conditions as may be prescribed.".

(5) In subsection (5), after "(2)(a)", insert "or subsection (2A)(a)".

(6) In subsection (11)(a), after "(b)", insert ", (ba)".'.— *(John Robertson.)*

*Brought up, and read the First time.*

**John Robertson:** I beg to move, That the clause be read a Second time.

**Mr. Deputy Speaker:** With this it will be convenient to discuss new clause 10—*Mobility component of disability living allowance*—

'(1) Section 73 of the Social Security Contributions and Benefits Act 1992 (c. 4) (mobility component of disability living allowance) is amended as follows.

(2) In subsection (1), for paragraph (b) (together with the "or" at the end of it) substitute—

"(ab) he falls within subsection (1AB) below; or

(b) he does not fall within that subsection but does fall within subsection (2) below; or".

(3) In subsection (1A)(a), after "paragraph (a),", insert "(ab),".

(4) After subsection (1A) insert—

"(1AB) A person falls within this subsection if—

(a) he has such severe visual impairment as may be prescribed; and

(b) he satisfies such other conditions as may be prescribed.".

(5) In subsection (11)(a), after "subsection (1)(a),", insert "(ab),".'.

7.15 pm

**John Robertson:** The new clause is self-explanatory and needs little introduction, but the clarity and familiarity of the issue should not obscure the justness of the case

and the need to right a long-standing wrong. The new clause would amend the Social Security Contributions and Benefits Act 1992 so that a blind person can qualify for the higher-rate mobility component of the disability living allowance, something that the 1992 Act excludes them from unless they are also physically unable to walk.

It is easy to see why the exclusion does not make sense, and more than 220 MPs have signalled their support for this change by signing early-day motion 340, tabled by my hon. Friend the Member for Aberdeen, South (Miss Begg), which has been the most popular EDM in the current Session. I would also like to thank all the right hon. and hon. Members who put their names to the new clause. The groundswell behind this activity is down to the work of the Royal National Institute of Blind People and I pay tribute to its campaigning on the issue and its work across the board. I have worked with that charity on welfare reform issues for a number of years and it has never let me down.

In addition, I pay tribute to a number of people who have been inspirational in their work on this and other disability issues over the years, such as my constituent Alan McDonald, whom I will mention again later, my hon. Friend the Member for Aberdeen, South and my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett). I should also recognise the work done by the hon. Member for Bournemouth, West (Sir John Butterfill), who tabled a motion on the issue a number of years ago. It is disappointing to say the least that he was not only years ahead of his party on this matter, but that Conservative Members could not find it within themselves to say a single word in support of the change in Committee. Their friends in the Scottish National party are no better. Their names are absent from this new clause, but given that they never passed on the £34 million they received for disabled children, I am not surprised. They have made no contribution on this matter.

**Bob Spink:** Before the hon. Gentleman moves on, may I congratulate him on his work in tabling new clause 4? Is he aware that it would cost only £40 million for the Government to give way on this matter? That is a very manageable amount. Will he join me in urging the Government to be positive and generous tonight, so that we do not have to vote on this new clause?

**John Robertson:** Let me think about that—yeah, okay. I was looking to see whether the hon. Gentleman had been reading my speech; I always thought that he should have crossed over to our side anyway.

**Jim Dowd** (Lewisham, West) (Lab): He will.

**John Robertson:** My hon. Friend says that the hon. Gentleman will. I look forward to it. He is a great gentleman and I have a lot of time for him.

New clause 10 is grouped with new clause 4. I have tabled it to cover all bases on the issue and so that we have something that will work in practice. Although both clauses are basically the same, it was important to have new clause 10 to ensure that we discussed the issue. That is why we have two new clauses that are almost the exact mirror image of each other, but with different words.

The exclusion of blind people from the higher rate must surely have been a mistake and an unintended consequence of the 1992 Act. Despite facing some of the biggest and often most insurmountable barriers to independent mobility, blind people were denied the higher rate of mobility support, which was limited to those who face physical barriers to getting around.

**Mr. Jim McGovern** (Dundee, West) (Lab): I, too, commend my hon. Friend for his work on this matter. My constituent Claire Hansen is an articulate, intelligent and highly motivated young lady, but she can leave her house only once a week because she suffers from Usher syndrome, which causes partial sight and hearing loss to varying degrees. She needs a taxi when she leaves the house. Does my hon. Friend agree that £29 a week extra would allow her more independence and allow her to leave her house more than once a week?

**John Robertson:** I thank my hon. Friend, who is obviously the best MP in Dundee—or so he tells me, and I have no reason to disbelieve him. The funny thing is that he, too, has been looking over my shoulder. I was about to go on to talk about the £29 extra.

The higher rate of mobility allowance is only £29 extra on top of the lower, but that works out at more than £1,500 year. There is no good reason for discriminating between someone who faces physical barriers to mobility and someone who is unable to move around safely and independently due to blindness. I should like to tell the House about one of my constituents, whom I mentioned earlier. His case highlights that paradox. Alan McDonald has been blind from birth, has orientation problems and faces huge hurdles in getting around. He is unable to use public transport because of his difficulties in getting on and off buses and trains, and he either needs to spend his other benefits on taxis, although they are meant to provide other support, or is forced to rely on his sister for lifts to wherever he needs to go. Otherwise, he has to stay at home.

Alan's blindness is not the only barrier to his mobility. He is awaiting a second kidney transplant and will undergo surgery for hardening of the arteries in a few months' time. Despite all those difficulties, he has been told on several occasions that he simply cannot qualify for the higher rate, because he is physically able to walk. Yes, he can walk—he can walk into wheelie bins or traffic lights or out into the middle of the road. But he can walk, so he does not get the money. The barriers that he faces are just as great as those faced by someone who cannot walk, and the situation is nonsensical. I swear to the House that I believe that the Minister has to consider such things. It is unbelievable that somebody with such disabilities cannot get the higher rate of disability allowance; it is unbelievable that they cannot get £29 extra. Blind people such as Alan feel justifiably angry about that discriminatory and unfair treatment.

For me, the reason for having a Labour Government is so that we can make changes such as this and give support to people who need it. This is no less important than a global financial crisis, in which doing nothing is not an option. The RNIB estimates that about 26,000 people would be included in the higher rate of the mobility component if this change were made. I understand that the proposal has been costed at an initial £12 million for set-up and a further £47 million a year—a drop in the ocean by today's standards.

*[John Robertson]*

As I said in Committee, and as Ministers need to remember, when the RNIB lobbied Parliament in October, the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw), who is responsible for disabled people, spoke in very positive terms about how and when blind people would be given access to the mobility component rather than whether they would. The new clauses offer a perfect answer to both those questions. I thank the Clerks and Mr. Speaker for their advice and help with tabling them and for giving them a chance to be considered. It is time for the mobility component of the disability living allowance to live up to its name. It is time for us to right the wrong and to give blind people a chance.

**Mr. Mark Harper** (Forest of Dean) (Con): The hon. Member for Glasgow, North-West (John Robertson) has put his case very well and powerfully, as he did in Committee, when I was interested to listen to what the Under-Secretary of State for Work and Pensions, the hon. Member for Chatham and Aylesford (Jonathan Shaw), had to say. The Minister will know that both he and the hon. Gentleman rightly paid tribute to my hon. Friend the Member for Bournemouth, West (Sir John Butterfill), who is in his place and has campaigned on this issue for a long time. The hon. Gentleman was also right to pay tribute to the RNIB for its work, and I know that he has had many meetings with it. It has had a campaign of meetings with Ministers to discuss the issue in great detail, and I, too, have had meetings with it.

We have made it clear in our discussions with the RNIB that we support the proposal in principle and have no objection to it. The stumbling block was always how it was to be financed. Members will know about the state of the nation's public finances, which was discussed at great length on the previous group of amendments. That has presented the problem of where the money for the proposal will come from. The RNIB has done a good job with the Government of working out a scheme to establish who would be eligible for the increased allowance. That has set out the funding requirements.

**Mrs. Anne McGuire** (Stirling) (Lab): Will the hon. Gentleman cut to the chase and tell us whether he and the Opposition will support the new clause in the Lobby tonight if it comes to a vote?

**Mr. Harper:** I have only just begun, and if the right hon. Lady will allow me, I shall get on with my remarks. Her question will be answered when I get to the end of them.

**Paul Rowen:** I accept the hon. Gentleman's point about the nation's finances, but does he accept that the job of the Government, and even of the Opposition, is to set priorities? If something is just and fair, the money must be found.

**Mr. Harper:** I am just coming to my remarks about that. The Government accepted that the funding of the change was an issue to consider. The Minister said in Committee:

"There are always competing demands…I shall set out carefully the context."

It is worth putting on record that he said that the Government estimated that the additional benefit expenditure would be

"about £45 million per year, with a £12 million administrative spend in the first year alone",

although he said that the Department estimated that the ongoing costs of administration would fall to about £2 million a year quite quickly. He said that there would be an annual bill of £45 million, which would rise in the years to come, and that funding on such a scale could not be found from the measures in the Bill. He said:

"While the Government fully recognise the intentions behind the new clause, accepting it without having the funding to support it would require us to withdraw funding from elsewhere in the benefit system."—[*Official Report, Welfare Reform Public Bill Committee*, 3 March 2009; c. 270.]

That was in Committee just two weeks ago. He then paid tribute to the hon. Member for Glasgow, North-West and the RNIB. He said that the Government could not support the new clause at that stage, but that he and the Government would continue to consider the matter. The hon. Gentleman welcomed that.

As late as yesterday, at Work and Pensions questions, the matter of funding for the proposal came up twice. It was raised once by my hon. Friend the Member for Kettering (Mr. Hollobone), who is in his place, and again by the hon. Member for Wolverhampton, South-West (Rob Marris), whom I do not see in his place. The hon. Gentleman asked the Minister to tell the House why the Government had so far not supported the change, and he drew attention to the fact that we would be debating it today when considering the new clause. The Minister said that he was grateful that the matter had been raised, and added that

"we need to establish a time when we can afford to make provision for this particular benefit".—[*Official Report*, 16 March 2009; Vol. 489, c. 651.]

At that moment, as if by serendipity, in walked the Chancellor of the Exchequer. The Minister said that when talking about finance, he was always reassured to see the Chancellor. He then made the case that the Government needed to examine the matter carefully and would continue to work with the RNIB. He said that he hoped to be able to support the measure when resources became available. If the Under-Secretary can make any progress on that today and give us some good news, the position will clearly have changed since yesterday and it would be helpful if he could state whether resources have been made available and from where they have been found.

7.30 pm

When the Under-Secretary was asked in a written question how quickly the change could be made if the Government accepted it, he replied that any change would require a change to the legislation—that is what we are debating—and that time would be needed

"to design, test and implement the administrative processes, which will require changes such as new guidance and training for staff."—[*Official Report*, 28 January 2009; Vol. 487, c. 565W.]

He also said that, consequently, the earliest implementation of the proposal, if it were accepted, would be 2010-11. Perhaps when he responds, he will say whether that remains the case. If the Government accept the new clause or find another way of effecting its substance, will that time scale still apply?

To summarise our position, we have never objected to the principle. Indeed, I have worked closely with the RNIB and we have said that if a way could be found to provide the funding, we would be pleased to do that. To date, the Government have been unable to find the funding—and were unable to do so as late as yesterday. I hope that the appearance of the Chancellor of the Exchequer at an opportune moment yesterday might have broken the logjam.

**Roger Berry** (Kingswood) (Lab): Is the hon. Gentleman claiming in all seriousness that the official Opposition, having considered the matter for some time, could not find £47 million of public expenditure for the purpose? Is that the problem?

**Mr. Harper:** The hon. Gentleman should recognise that, as the official Opposition, we cannot find any money because we are not in government. We do not know the state of the public finances. If we won a general election, we would face a deficit of more than £100 billion in the current financial year, and probably £200 billion next year—the worst public finance figures that the country has faced—and that is only what we are told. When one is in opposition and thinking about how we would behave in government, one has to reserve judgment until we know what we will find.

**Roger Berry:** The hon. Gentleman is prepared to support substantial tax cuts for the very wealthy, which cost far more than £47 million. Why cannot he find £47 million to help blind people?

**Mr. Harper:** I have just explained that we have never objected to the proposal in principle. If the Government tell us how they can fund it, and where the money will come from, we will be happy to support it. The hon. Gentleman's question should be aimed at the Government, who said for several months and years that they supported the proposal in principle but they have not been prepared to find the funding. They are in government and responsible for making decisions today. We may be in government in due course and, when we are, we will be responsible for the decisions.

I have set out our position clearly. Other hon. Members want to speak and we then look forward to listening to the Under-Secretary, who will sum up.

**Mr. David Blunkett** (Sheffield, Brightside) (Lab): First, I think that, mischievously, I should declare an interest because I am a vice-president of the RNIB. However, because a couple of people have appeared to stalk me and ring up newspapers in the past four years, I should also declare that I have an alternative method of funding transport. I shall not, at least for the moment, be a beneficiary of any change that the Government may or may not announce tonight.

There has been the most incredible collective campaign that I have experienced for a long time, and I hope that hon. Members forgive me if I embarrass one or two people. My hon. Friend the Member for Glasgow, North-West (John Robertson) deserves a medal for his tenacity and commitment, supported ably by my hon. Friend the Member for Aberdeen, South (Miss Begg) and many other hon. Members, including the hon. Member for Bournemouth, West (Sir John Butterfill). I say a big "thank you" to those who have spent years dedicatedly committing themselves to the campaign and ensuring that successive Ministers have got the message and have been able to work on their Treasury colleagues. Above all, I thank the RNIB and all those who have campaigned with it to make the proposal possible.

A listening Government, who are prepared to hear the argument and respond, together with a campaign, which is committed and rational as well as tenacious, can achieve enormous change. I feel it in my bones that tonight we are fulfilling something that Barbara Castle started in the 1970s when Alf Morris campaigned vigorously for the first introduction of mobility support. We seem to make our best announcements in our twilight hours, so it is difficult for anybody to know anything about them. Nevertheless we may be taking a further historic step tonight.

I explain to the hon. Member for Forest of Dean (Mr. Harper) that, in commending the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw), the Secretary of State and my right hon. Friend the Member for Stirling (Mrs. McGuire), who did a sterling job on the matter when she was a Minister, we must recognise that we are not simply scrabbling about to find money to hand something out, but liberating people by enabling them to leave their homes safely and explore not only a social life, but training and get a foothold, before they are entitled to the access to work resources. It also enables them to become more independent and have dignity and mobility. The pay-back over many years will be substantial and allow people, who would otherwise be trapped at home, to have the dignity that those who are mobile through being able to drive a car and who can take advantage of other funding streams have taken for granted for the past 30 years.

Tonight may be an occasion for rejoicing and for saying—I have not said it for a long time—a big "thank you" to the Chancellor of the Exchequer and the Chief Secretary, not for generosity but for their foresight, and their recognition that a combination of an excellent campaign in the country, the support and tenacity of Back Benchers in all parties and Ministers who are prepared to listen means that we have a Government who will put first, not millionaires, who would benefit from relief on inheritance tax under Opposition proposals, but people who need the liberation of travelling freely, easily and affordably to the sort of places that the rest of us, including me, take for granted. I would like, in advance to say, "Thank you."

**Steve Webb:** It would be presumptuous to add much more to the powerful case that the right hon. Member for Sheffield, Brightside (Mr. Blunkett) made. The Liberal Democrats support the new clauses. In Committee, my hon. Friend the Member for Rochdale (Paul Rowen) and I added our names to the amendment that the hon. Member for Glasgow, North-West (John Robertson) tabled there.

We all remember a cold Westminster Hall, full of RNIB supporters lobbying us. That did not happen just once. Often, there are mass lobbies and the caravan then moves on, to be succeeded by another lobby on another issue in another year. I was struck by the fact that the RNIB came back and said that its members had returned

*[Steve Webb]*

to say the same thing because they did not get the answer that they wanted. Perhaps that is a lesson to other campaigning organisations that sometimes they have to repeat the same thing time and again. I recall many letters that I and other hon. Members of all parties wrote to the Department for years, and the replies, which reflected the official position that benefits were paid on the basis not of a condition but its impact, and that the change could not be made. There is a sense from the comments that have been made that a change may be imminent—we all want to hear that.

If, as the Minister said in Committee, funding for the measure will come from elsewhere in the benefits system, I hope that he will be clear about where that will be or about whether he will announce additional funding. I recall some other changes that his Department made that looked good at first sight, but later we discovered the cut that had been made to pay for them. I therefore hope that if the Minister accepts the new clause, he will be up front about whether additional money has been won from the Treasury or whether he will take the money from elsewhere.

There are different definitions of blindness and the sorts of people who might be eligible for the different rates. If the Minister accepts the new clause, I urge him not to draw a new and potentially arbitrary line. I know that such matters are not easy, but I hope that it will be absolutely clear in any regulations that he introduces who is included. Nothing that arises from our debate this evening should lead anyone to think that they have hope, only to find themselves on the wrong side of the line. I hope that he is clear both about who falls within the scope of what he will do and about who is excluded, so that no one who has supported the RNIB, been on a lobby and heard on the radio that the change is being made will find that it has been defined rather narrowly and excludes some people. I hope that he will be absolutely clear about who is covered.

**Mr. Philip Hollobone** (Kettering) (Con): According to the standard letter from the RNIB to MPs—I was pleased to receive several letters from constituents about this issue, too—the eligible group is to be tightly defined to mean

"people with no useful sight for orientation purposes; i.e. 'the severely blind'".

Is the hon. Gentleman happy with that definition?

**Steve Webb:** The hon. Gentleman has quoted from the RNIB's letter to hon. Members. The RNIB estimates that 22,000 people will be affected, at a cost of £45 million, which is the sort of figure that has been quoted. If negotiations have gone on behind the scenes involving the RNIB, Ministers and others, as one senses they have, and that is the compromise that the RNIB thinks meets many of its objectives, we just need to be clear about who is inside and who is outside. It would be very sad to get this far only for people with mobility trouble because of sight problems to find themselves just on the wrong side of the line. We need to be clear about that.

I have one more observation. The hon. Member for Forest of Dean (Mr. Harper), who speaks for the Conservatives, said that people's actions in opposition show what their actions in government would be like, and he did just that. We recognise that the public finances are difficult, but to govern is to choose. We have heard the priorities that the Conservative party has chosen and the measure that we are discussing is not one of them. Even with the one or two hints—if he had been listening, that is—that he might be able to get it anyway without having to go through the Division lobby, he still did not think that it would be a priority. I hope that the wider public beyond this Chamber will have seen the way a Conservative Government would act.

I congratulate the hon. Member for Glasgow, North-West (John Robertson), who moved the new clause, and I hope that the Government will accept it.

**Mrs. McGuire:** I, too, would like to thank my hon. Friend the Member for Glasgow, North-West (John Robertson) for tabling new clauses 4 and 10.

I pay tribute to the hon. Member for Bournemouth, West (Sir John Butterfill). I remember him inviting me to the first lobby in Westminster Hall and his being somewhat surprised that, as the Minister, I actually turned up. We got through that together. He has been tenacious in pursing the issue, as have many of my colleagues, in all parts of the House.

Like the hon. Member for Northavon (Steve Webb), I was somewhat flummoxed, surprised and disappointed by the comments of the official Opposition this evening. The equivocation was unnecessary. They have to learn to make the leap from principle to reality. It would not have cost them anything to make that leap this evening.

The case for widening the definition of mobility to refer to those who have no sight has been unanswerable. The exclusion of those who are totally blind from the higher rate of DLA was an anomaly that, as my hon. Friend the Member for Glasgow, North-West said, was not sustainable. I hope that the painstaking work undertaken by RNIB and DWP officials will pay dividends this evening.

Like others, I want to pay a special tribute to the RNIB, which has headed the campaign. Its campaign was measured and relevant and was sustained over a long period. I should never have been surprised at some of the inventive ways in which the RNIB encouraged us to understand its exact case. Those of us who were at the Labour party conference in Scotland last week went through a maze. Perhaps the Liberal party had already gone through that maze.

**Steve Webb:** We often find ourselves in a maze.

**Mrs. McGuire:** The Liberal party is always in a maze, but there we are.

**John Robertson:** Does my right hon. Friend agree that perhaps we should get that very maze into Westminster Hall, in order to give all our colleagues the opportunity to see what it is like to be totally blind?

7.45 pm

**Mrs. McGuire:** I have already made that suggestion to the RNIB. The maze was a fantastic way of describing, to those of us who have our sight, the difficulties that people who have no usable sight face.

Over the past two and a half years, the RNIB has argued its case with great clarity, with both individual MPs and Ministers. As my hon. Friend said, the RNIB

has gathered a degree of support in the House that is probably without parallel in recent years. Let me say to my right hon. Friend the Secretary of State and my hon. Friend the Minister that I hope that the RNIB's perseverance will pay off tonight.

The measure before us is the right thing to do and it could make a difference to the lives of many people. I hope that we are all in politics to do those two things. This evening we have an opportunity to do both: to do the right thing and to make a difference to the lives of those people who have no sight.

**Sir John Butterfill** (Bournemouth, West) (Con): When I entered the House in 1983, there was no mobility allowance for blind people, who were not regarded as having a sufficient defect. The fact that they could walk for 25 yd disqualified them entirely from any form of mobility allowance. They did not necessarily know where they were walking—they might be walking into danger—but still they were excluded.

I first became aware of the situation through lobbying by the RNIB. The RNIB has been persistent and energetic, and we can only commend its resolution over a long period. I first started lobbying on the issue in the 1980s. I was pleased in 1992 when we achieved a minor victory, in that the lower rate of mobility allowance was accorded to blind people. I was of course disappointed that we did not get the higher rate and the issue seemed to become unfinished business. Even as we speak it remains unfinished business, although I hope that it will shortly be unfinished no longer.

I am still concerned that the criteria being imposed are severe. However, I am delighted that more than 20,000 blind people will benefit, and if the measure is a success, there may be an incentive for hon. Members to look a little further.

People have asked how the measure will be paid for. The fact that more than 20,000 blind people will be able to get to work, instead of being trapped in their homes, may mean that quite a considerable amount of money will flow into Her Majesty's Treasury, from the tax on their earnings and from their contributions towards social security. Perhaps that is the pot of gold that has been uncovered by the Chancellor, but I hope that it will be a bigger pot than he realises. Indeed, I suspect that it will be, because there is an enormous amount of determination and talent among blind people. Given that they will be released much more into the world of work, we may be surprised at how much is produced by their efforts. That might encourage the House to go a little further with the criteria at some future date, because that would be seen to be a positive move that produces more than it costs. That is my hope, but in the meantime, I join everyone else in congratulating all the Members on both sides of the House who have worked so hard to get an agreement that this should be done. I hope that the Government now will ensure that it is done.

**Miss Anne Begg** (Aberdeen, South) (Lab): I, too, would like to thank my hon. Friend the Member for Glasgow, North-West (John Robertson) for tabling the new clauses. As everyone else has said tonight, it is self-evident that those who have limited mobility because of their sight impairment should qualify for the higher rate of the mobility element of the disability living allowance.

About two years ago, my hon. Friend the Member for Aberdeen, North (Mr. Doran) and I were lobbied in his office by two of the workers at Glencraft in my constituency. Glencraft is the name of what used to be known as the old blind workshop. The two blind men came along to lobby us because they were keen that we should turn up to the RNIB lobby in London that they could not attend. They were obviously in the vanguard of the RNIB campaign. It was the first that I had heard of the campaign. It was their tenacity, and the tenacity and clarity of the argument of the RNIB—to which my right hon. Friend the Member for Stirling (Mrs. McGuire) referred—that persuaded a number of us to pursue the issue. At the time, I think that I said something that I often say to constituents—"I can't promise anything, but we'll see what we can do. We will certainly lobby the Government, but don't get your hopes up." I hope that the Government have now listened to the arguments and decided that it is right that someone who finds it difficult to get around because of their sight impairment should qualify for the higher rate of the mobility element of the DLA.

I suppose that I should admit that I am one of the lucky ones who qualify for the higher rate of the mobility element of the DLA because I cannot walk. That might come as a surprise to some of the people round here as I mow them down with my electric wheelchair. Because of the definition in the present legislation, I qualify for the higher rate, as does anyone who needs a wheelchair to get around. However, there has always been an anomaly, in that someone who is severely sight impaired does not qualify because they can physically put one leg in front of the other. As I often say, however, there are different ways of getting around, and it is how we get around that matters, and not necessarily the mode of transport involved.

I hope that the Government will see sense tonight. The two blind men who came to see my hon. Friend and me a couple of years ago are in work, and they know, more than anyone, the importance of work to their sense of well-being. If this Welfare Reform Bill is about anything, it is about getting people who have been dislocated from the world of work for years back into work. It is therefore right and proper that this provision should be part of the legislation. Seventy per cent. of blind people do not have a job. That cannot be right, because we know that they are capable of work in a whole range of areas. I heard that, as part of Comic Relief, the person who won the prize for stand-up comedy was Peter White, the broadcaster. I heard him tell a joke that there was an argument in the blind community about whether one should have a stick or a dog. His answer was, "You get the stick, you throw it away, then you get the dog."

We know that blind people can work, and we need to give them the support that they need to ensure that their lives are liberated and that they can enjoy the fruits of their labour. One of the ways of doing that is to ensure that they can get around, and the main factor in allowing them to do that is ensuring that they qualify for the upper rate of the mobility element of the DLA. I hope that the Government have listened. This has been a long campaign, but Members on both sides of the House have signed up to it. It is a worthy cause, and it is one that the Government should support.

**Sammy Wilson:** I congratulate the hon. Member for Glasgow, North-West (John Robertson) on tabling the new clause, and I should like to indicate my full support, and that of my party, for the campaign he has waged. Everyone in the House has been very successfully lobbied by the RNIB, and I know that it has been equally active in Northern Ireland. The present situation has been described as an anomaly by a number of hon. Members, but I think that it goes beyond an anomaly. There is great unfairness in the current provisions, which results in great injustice. I think we have all listened to what members of the RNIB have said, and to our constituents.

I have experienced at first hand the impact that the loss of sight can have on a family member, when my father lost his sight as a result of diabetes. It was only when I saw it close up that I realised how foolish the mobility rules were. Of course he was perfectly capable of walking around; he was still fit enough to do that. However, his lack of confidence, his loss of independence and his need for support meant that he was as tied as someone who could no longer walk. The House has been done a great service by those who have highlighted the needs of these people—especially those who have been used to having their eyesight and who have suddenly lost it—and the impact that this can have on them.

**John Barrett:** Does the hon. Gentleman agree that the sense of unfairness felt by those who are visually impaired stretches to the wider public, who have always regarded it as unfair that visually impaired people did not get this benefit? If the Bill is passed tonight, it will not just be the recipients who will say that that is fair; the general public will also say that it is a long overdue correction of a clear unfairness.

**Sammy Wilson:** The very fact that this measure has gained such widespread support across the House shows that we are aware that this is the feeling not only of those constituents who have lost their sight, or never had it, but of the many constituents who help us to recognise the unfairness and injustice that exists. That is the first reason we need this change: it will right an injustice in the existing system.

The second reason is that, despite all the arguments that such a measure would open the floodgates and set a precedent, it applies only to a fairly tightly defined group. Some Members feel that the definition accepted by the RNIB is too tight. We have a fairly good idea of the numbers involved, and it is unlikely that other people with the same impairment would be able to hook on to any change by the Government on this issue. So the fact that the measure will not open the floodgates, and that it will not set a wider precedent, is a second reason the Government could, and should, accept the new clause.

The third reason is the cost involved. There has been wrangling over the cost, and that has been unfortunate. Given the budget for welfare provision, it should be possible to find the necessary £44 million or £45 million, even by prioritising how we spend money. And, as other Members have pointed out, there will be benefits involved. For many young people who have lost their sight, and with it their confidence and independence, the very fact that they can get financial support that could enable them to go out and do a job will have a positive impact on the public finances.

The last reason is that the Government are halfway there already. In fact, they are more than halfway there. Ministers have accepted the idea and have no objection in principle; they are sympathetic to the call for change; they are committed to making this an urgent priority; and they wish to continue to work with the RNIB. Ministers have almost got there, so I suppose the call from this House tonight is: undo the injustice, take the last step and accept the new clause.

8 pm

**Roger Berry:** I will not detain the House long, as I have very little to add to what has already been said. I would certainly like to congratulate my hon. Friend the Member for Glasgow, North-West (John Robertson) on tabling the two new clauses, which I strongly support. I very much hope that the Government will accept them. I also thank others who have been named for their strong support for this reform.

This is essentially a matter of greater social justice and greater equality. As Members supporting the new clauses have said, it makes no sense to recognise the mobility problems of someone who cannot physically walk, without giving equal recognition to the mobility problems of people who cannot get around owing to loss of sight. Both groups of people face barriers to free movement. Many of us who spoke on Second Reading made that very point. We made it in the context of the Bill for reasons other than just social justice, because employability issues are also relevant.

Both groups to which I referred face barriers that, as my hon. Friend the Member for Aberdeen, South (Miss Begg), a long-term supporter of these changes, rightly said have a direct and negative impact on employability and their right to control their lives. Two thirds or between 60 and 70 per cent. of people with sight loss and of working age are not in work. As many organisations, including Leonard Cheshire Disability, have pointed out, these people face huge barriers, not least in relation to transport difficulties. We in the House do not need to look at the statistics to realise that, as we meet constituents every week, including those with sight loss, who face problems accessing public transport—and of course this is a problem that affects work. It is hardly surprising that visually impaired people are the group most likely to miss job interviews or to be unable to take up offers of employment because of transport difficulties.

Let us consider the proposed changes. I accept that £29 is significant, but it is hardly a massively generous amount. It will make a significant contribution to improving people's mobility, but it will still leave many people facing real challenges if they have to go to work five days a week or just participate as members of society without going to work five days a week. They will still face real challenges, as £29 is not everything—but it is significant.

I do not know for sure, but there appears to be a consensus this evening. No one has said anything to me, but there seems to be a feeling—sorry, Minister—that the Government might be inclined to support the new clauses. As others have pointed out, we have had supportive statements from the Under-Secretary of State for Work and Pensions, the hon. Member for Chatham and Aylesford (Jonathan Shaw), and, indeed, from my right hon. Friend the Secretary of State, so if the Government accept the new clauses, I believe that they should be congratulated on listening and acting accordingly.

The Royal National Institute of Blind People has been working on this issue for a considerable period and it deserves very enthusiastic congratulations on what it has achieved by working with the Department for Work and Pensions officials and Ministers. It has developed the details of its case, as my right hon. Friend the Member for Stirling (Mrs. McGuire) has pointed out, over a significant period, so it really deserves our congratulations.

Finally, no one should be cavalier about spending an extra £45 million a year, but given the level of public spending and given that the official Opposition are happy to make a commitment that would help millionaires pay substantially less inheritance tax than they do today—*[Interruption.]* Yes, certainly billionaires as well. It does seem a little odd if tax commitments of that kind, which are far more expensive than this one, can be made, but we cannot support this proposal, which would allow people with sight loss to participate more equally in society. I genuinely cannot understand the Opposition's priorities; they are certainly not mine. I know that they are not in government, so I very much hope that our Government will support the new clauses this evening.

**Mr. Hollobone:** It must be a terrible thing to be blind, and I have no hesitation whatever in supporting the new clauses proposed by the hon. Member for Glasgow, North-West (John Robertson). I have been hugely impressed by the number of representations I have received from blind people in the Kettering constituency. Although there are lobbies of this place every week on different issues, I am sure that every Member will have been impressed by the number of blind people who made their way to this place in very difficult circumstances to lobby their Member of Parliament.

I would hate to be blind. I would never want even to imagine it, but some years ago I was led round the centre of the town of Rothwell in my constituency by members of Rowell Lions club—an organisation that has played a leading role in supporting blind people and was one of the instigators of the white stick campaign. They gave me a white stick, blindfolded me and escorted me around Rothwell, which I know extremely well. With a blindfold, however, and unable to see anything at all, suddenly that Rothwell was a very different place. Suddenly, I was hearing things I had never heard before and smelling things I had never smelt before. That hour spent in Rothwell brought home to me how awful it must be to be in darkness or semi-darkness 24 hours a day.

I know that if my Kettering constituents were asked whether they would want me to support these new clauses, they would overwhelmingly say yes, and that is what I intend to do, but I very much hope that it will not come to a vote. I hope that Her Majesty's Government will accept the new clauses so that we do not have to go through the Division Lobby. In calling for the Government to accept the provisions, I must say that they could have included them in the initial draft of the Welfare Reform Bill when it was first brought to this House. In a way, it is a shame that it has taken the huge efforts of everyone who signed the early-day motion, of the hon. Member for Glasgow, North-West, of the RNIB and of others to reach this debate, especially when the Government could have included the provisions in the Bill at an earlier stage.

**Mr. Gordon Marsden** (Blackpool, South) (Lab): I join everyone else who has spoken this evening in paying great tribute to the tenacity of my hon. Friend the Member for Glasgow, North-West (John Robertson) and also to that of the RNIB. I and fellow Fylde MPs were similarly lobbied in a sustained fashion—and quite rightly so—last October.

Tonight's discussion about making a change to the disability living allowance is interesting if we reflect on the number of times we have had discussions in our constituency surgeries about DLA issues, and how often we have had to explain that it is not an automatic benefit. It is something given to people to allow them to get on with their lives despite their disabilities. It is an empowering and an enabling mechanism. That has been the whole thrust of the RNIB's campaign, which it has put to us as it has to so many others.

Despite the organisational aspects, much of importance of the higher rate mobility component of the DLA comes back to the impact on individuals. I would like to speak briefly about one of my constituents, Carole Holmes, who is the chairman of the Blackpool Fylde and Wyre Society for the Blind. She is, in fact, the first visually impaired chairman of that society in its history. Last week she came to Buckingham Palace to receive an MBE medal for her services to visually impaired people. Let me share with the House what she wrote to me and, indeed, wrote in her local newspaper, in explaining why the change was so important. She wrote:

> "I am blind and a guide dog owner. Some years ago I was mugged at a railway station by 3 men. I've also had accidents and injuries when trying to get about with my guide dog. I'm unable to use public transport to reach some of the venues that I visit regularly... I need to use taxis as these venues are not on a bus route... If I had the higher rate of mobility component of Disability Living Allowance... I would spend it on taxis."

I am sure that taxi drivers in my constituency will be particularly pleased to hear that. She continued:

> "I would be pleased to be putting something back into the economy while feeling a lot safer.
>
> I... enjoy visiting the theatre... attending monthly book clubs and W.I. meetings. As most of these social activities are in the evening, once again I need to use taxis as the buses only run every half hour and are not always reliable. These days I don't feel safe stood at bus stops after dark."

That is just one individual's experience, but it has been replicated in the numerous representations received by many Members on both sides of the House in the last few months. I know—not least because I heard what he said to the lobby last autumn, and not least because of his sensitive and sympathetic response to my Adjournment debate on Workstep a few months ago—that my hon. Friend the Minister has inherited from my right hon. Friend the Member for Stirling (Mrs. McGuire) the honourable tradition of thinking long and hard about these issues, and caring about them deeply. I hope that, on the basis of the strong and persuasive arguments advanced by Members in all parts of the House, the Government will feel able to proceed with this matter.

The words with which Carole Holmes ended the article about her campaign in the *Blackpool Gazette* underline the empowering and enabling aspects of the new clause:

> "I don't want to climb mountains. I just need it to get on with my life and be safe."

*[Mr. Gordon Marsden]*

Those are very humble but very noble aspirations, and I hope that they are aspirations with which the Government will find themselves concurring tonight.

**Mr. Russell Brown** (Dumfries and Galloway) (Lab): Let me begin by thanking my hon. Friend the Member for Glasgow, North-West (John Robertson) for tabling the new clauses, and—like others, I suspect—by congratulating one or two people who have been at the forefront of a campaign which has undoubtedly been led by the RNIB. It has not been just a campaign, though; it has been a campaign with a robust strategy behind it. This issue was never going to go away, and it needed to be addressed. I thank those at the forefront of the campaign, including my hon. Friend the Member for Aberdeen, South (Miss Begg) and my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett)—and it would of course be remiss of me not to mention the robust approach of the hon. Member for Bournemouth, West (Sir John Butterfill), who did so much to ensure that we would reach this stage. If this were a race, I sincerely hope that what stands before us this evening would be the last hurdle.

Along with a small group of Back-Bench colleagues, I went to see the then Minister with responsibility for disability, my right hon. Friend the Member for Stirling (Mrs. McGuire). We emerged from that meeting with the impression that the door was at least partly open, and I thank my right hon. Friend for the work that she has done. Perhaps I should also thank officials in the Department. Although any decision made this evening will be a political decision, I assure the House that those officials have been working in the background, examining the policy that so many of us would like to see in operation. They worked—I was about to use unparliamentary language, Mr. Deputy Speaker—very hard indeed to take us to this point.

8.15 pm

Following up the meeting with my right hon. Friend, we had a further meeting with our good friend the Secretary of State. That meeting—again—came down to the question "Can we afford it?" We said that we had to afford it. When we left his office that day, I think that the words that were ringing in his ears were "If we need to go to the Treasury as a delegation, we will go there to make the case for the funding to make this happen for people."

I have attended a number of events organised by the RNIB. On one of those occasions, I was told that there was a message for me. The message came in the form of a compact disc from a constituent of mine, a lady called Charlotte Bennie, whom I had met a couple of times. There were a number of different messages for different Members of Parliament, but the message to me was clear, and I listened to it as I travelled across my constituency one day. It took the best part of 40 minutes. The message described the difficulties that Charlotte experienced in life, getting around, and the difference that a little additional money would make.

Along with many others, I attended the lobby in October. I was honoured to be able to address it, and I was honoured to address the massive gathering in the Methodist Central Hall a little earlier.

Let me make a comparison. I ask Members to think of the difference that they could make to people's lives. I look back to the early 1990s, when I served on Dumfries and Galloway regional council. At that time, as a minority administration, we introduced free bus passes for the elderly, which was ground-breaking stuff in those days. It opened up a new world to so many elderly people who had been confined to their homes. The small sum that is now being not just requested but—I must say this to my hon. Friend the Minister—demanded this evening may open up other areas that have been forgotten by those who are partially sighted and blind.

I hope that the Department has listened, because I see this as the last chance saloon. Notwithstanding what was said by the hon. Member for Kettering (Mr. Hollobone), there is a great fear among Labour Members that should my party be defeated at the next election—although I will not be defeatist in that regard—and should we not have secured what we seek tonight, it may not be delivered by those on the Conservative Benches. I think that, in 2009, there could be no more appropriate celebration of the bicentenary of Louis Braille than a Labour Government's agreement to what is being requested. We all wait to hear what our good friend the Minister has to say.

**The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw):** This has been a very good debate, which has encapsulated the excellent campaign by the RNIB. I congratulate my hon. Friend the Member for Glasgow, North-West (John Robertson) on tabling the new clause. I well recall his eloquent words in Committee. Then as now, he was able to grasp and express the sense of injustice felt by many blind people in the absence of this important benefit. I am also grateful for what was said by many other Members, with which I shall deal later. They put forward compelling arguments in favour of making this important change.

As the House knows, the campaign to extend the higher rate mobility component has been running for well over two years now, and throughout that time I and my right hon. Friend the Member for Stirling (Mrs. McGuire)—the former Minister—have been engaged in numerous and fruitful discussions with the RNIB to see how we can progress this measure. Those discussions have been enormously helpful and have greatly assisted us to come to a shared understanding of what it would mean to extend the higher rate mobility component of the disability living allowance to severely sight-impaired people. For many, it can be very difficult to get out and about and to enter work. That means that thousands of people can become socially isolated—unable meaningfully to become independent, unable to indulge in the normal social pursuits non-disabled people take for granted, and unable to enter work or actively seek work.

Through working with the RNIB, we have been able to come to a shared understanding of how we can define those with the most severe visual impairments such that they have no useful sight for orientation purposes. I am also grateful for the help and assistance we have received from numerous other organisations and professional bodies. In particular, I would like to thank the medical experts we have consulted such as ophthalmologists and optometrists, as well as Moorfields hospital, for the valuable professional and statistical advice and information they have been able to give us. I

should also like to thank more generally the many thousands of people—many of whom have no sight difficulties—who have written, through their Member of Parliament, to me as the Minister for the disabled. This House has spoken with a consistent voice, as has been articulated by many Members this evening.

My hon. Friend the Member for Glasgow, North-West began his remarks in moving this new clause by saying it was supported by the most popular early-day motion in this Parliament. Potentially then, I could perhaps become the most popular Minister. I am looking at my boss, my right hon. Friend the Secretary of State; if that were to be the case, he could do my Adjournment debates and sign all my letters. He is not looking very enthusiastic, but there we are. That early-day motion had an extraordinarily high number of signatures from Members of different parties. My hon. Friend also rightly mentioned the hon. Member for Bournemouth, West (Sir John Butterfill), who is not in his seat at present, and the support he received from him and their working together.

My right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) spoke in his usual way, setting out clearly for the House the difference this would make for blind people. Obviously, nobody in this debate is in a better position than him to inform us of such matters.

The hon. Member for Northavon (Steve Webb) talked about the cold temperature in Westminster Hall even though, as other Members have said, many of our constituents made the difficult journey to come and lobby us. It is a journey people have to make every day, and he brought that home to us.

I want to pay tribute to my right hon. Friend the Member for Stirling. It is an honour to follow her in holding this ministerial post. The work she has done on this issue, and on many others, will stand the test of time. She is held in high regard in this House and among all those involved in disability issues. She worked very hard on this issue, and her hard work has made my work load that much easier. I thank her for her work.

The hon. Member for Bournemouth, West has a proud and honourable record of campaigning on these matters. He talked about the lower rate mobility component having been introduced and the untapped pool of talent among blind people. My hon. Friend the Member for Aberdeen, South (Miss Begg) reminded the House that 70 per cent. of blind people are not in work. Not only is their not being in work their loss, it is the rest of society's loss—not just for social reasons, but for economic reasons as well. That applies among people with all the ranges of disabilities. We need to do more, working with businesses to ensure that that untapped pool of talent can be fully utilised; that must be done for the business case, as well as for the social case.

My hon. Friend the Member for Aberdeen, South spoke of the clarity of the RNIB's argument, and I think all colleagues would agree with her on that. The hon. Member for East Antrim (Sammy Wilson) spelled out in his usual way how important it is for blind people to get this extra benefit, and the difference it would make to their lives. He also talked about the active campaign that has been run in Northern Ireland, and we are grateful to him for his contribution.

The House recognises that my hon. Friend the Member for Kingswood (Roger Berry) has been a champion for disabled people for a long time, not just when it becomes a fashionable cause and many people seek to latch on to it. *[Interruption.]* As an individual, however, he is extremely fashionable of course—far more so than the hon. Member for Northavon, and I am sure my hon. Friend can recommend a good tailor. My hon. Friend has a proud record, and he talked about the barriers that people face. He talked about how the mobility component was not just a social justice issue, but that it was necessary for employability. Members will know that we have increased the access to work budget that helps people to get a firm job offer or get into work. Obviously however, they need to do the round of interviews in the first place, and this measure would help.

Social justice and employability go hand in hand. They are part of this Government's programme, and run through all the welfare reforms we are debating in this House this evening. My hon. Friend the Member for Kingswood said the £29 was not a massive amount, but he challenged the Opposition to say whether that was a massive amount when it came to providing millionaires and billionaires with tax cuts. That is, of course, about priorities, and shows which side of the argument we are on.

8.30 pm

I want to illustrate that point and refer to the hon. Member for Forest of Dean (Mr. Harper), who is a nice man. If the House will indulge me, I am going to provide a quote from the Committee stage—and it is a quote from me. I wish to do so not because it was a particularly good speech or contribution, but because it illuminates the Conservative position and how that has perhaps changed tonight. I said:

"I thank the hon. Member for Rochdale for bringing forward a case on behalf of the hon. Member for Twickenham, and the hon. Member for Forest of Dean for setting out the information that I was able to supply."

That information was provided in answer to a written parliamentary question. I continued:

"His lack of comment about whether he supported the proposal was deafening. Perhaps we will hear at a later stage whether he and the Conservative party have an opinion on this."

He replied:

"I am listening to you."

I replied:

"And we listened to the hon. Gentleman's very succinct remarks, which offered no opinion. I invite him...to give me an opinion."

That silence was the pause from the transcript. I continued:

"There we are, we have heard the opinion of the Conservative party."—*[Official Report, Welfare Reform Public Bill Committee,* 3 March 2009; c. 269.]

Well, it is not amateur dramatics, as the hon. Gentleman says; this is about trying to assist blind people and it depends on what side of the argument one is on.

**Mr. Harper:** What the Minister is not saying, of course, is that I listened very carefully to what he said in Committee and that just two weeks ago he made it very clear that the Government did not have the funding to support this—as I said in my remarks, as late as yesterday they did not have the funding to support it. So I hope that he tells us what has happened between now and then, and exactly how they are going to fund it. I said that if they are able to fund it, we would be pleased to support it—two weeks ago, he was not able to offer that guarantee.

**Jonathan Shaw:** The hon. Gentleman has a policy on inheritance tax—he has made it clear that he wants to give millionaires and billionaires tax cuts. He is not prepared, however, to offer his view on this—he is not prepared to say whether this is the right thing to do or the wrong thing to do. I will provide him with the answer to his question shortly. If he purports to be a member of a party that wants to govern, he must demonstrate leadership and, on this issue, get off the fence that he has been on for a long time. He did not come to the Westminster Hall meeting that was described tonight by the hon. Member for Northavon—the Liberal Democrat spokesman came, and I spoke at it as did the hon. Member for Bournemouth, West—and neither did the Conservative Front-Bench spokesman. The Government have made our position clear: that we want to introduce this measure and it is a case of how and when we will be able to do so. The hon. Member for Forest of Dean has not been able to tell the House until this evening—we still do not think he has—whether he has a view on this.

In my role as Minister for disabled people, I have also been able to voice my support for this measure. Indeed, when I spoke at the lobby that I mentioned, I gave an unequivocal nod towards the Government's commitment to it, and my right hon. Friend the Secretary of State equally demonstrated his support for the measure when he said on Second Reading:

"The Government do not have any objection to it in principle. They totally understand the case that is being made."—[*Official Report*, 27 January 2009; Vol. 487, c. 186.]

In the past I have said that progress was not a matter of if, but when and how. The "how"—in terms of who may be within the scope, which we have discussed this evening— has been largely worked out. As I explained in Committee and on the Floor of the House, the "when" has been about how we finance this important measure, given that we are in the midst of an economic downturn. In Committee, I explained that we did not have the resources to fund this measure but were committed to this important change. I said:

"When we are in a position to finance a change to the rules, we are firmly committed to make that change an urgent priority and to do so at the earliest possible time."—[*Official Report, Welfare Reform Public Bill Committee*, 3 March 2009; c. 271.]

The costs are not inconsiderable and a commitment to change must be taken in the broader context of stabilising the economy and helping people remain in, or return to, work. We have considered this measure in the context of these issues, and recognise that it will bring about considerable economic and social benefits to severely sight-impaired people. I am therefore delighted to announce today that we are now in a position to agree to fund this proposal, and I take great pleasure in accepting new clause 10, as tabled by my hon. Friend the Member for Glasgow, North-West.

*Question put and agreed to.*

*New clause 4 accordingly read a Second time, and added to the Bill.*

## New Clause 10

MOBILITY COMPONENT OF DISABILITY ALLOWANCE

"(1) Section 73 of the Social Security Contributions and Benefits Act 1992 (c. 4) (mobility component of disability living allowance) is amended as follows.

(2) In subsection (1), for paragraph (b) (together with the "or" at the end of it) substitute—

"(ab) he falls within subsection (1AB) below; or

(b) he does not fall within that subsection but does fall within subsection (2) below; or".

(3) In subsection (1A)(a), after "paragraph (a)", insert "(ab)".

(4) After subsection (1A) insert—

"(1AB) A person falls within this subsection if—

(a) he has such severe visual impairment as may be prescribed; and

(b) he satisfies such other conditions as may be prescribed.".

(5) In subsection (11)(a), after "subsection (1)(a)", insert "(ab),".'.—*(John Robertson.)*

*Brought up, read the First and Second time, and added to the Bill.*

## Clause 1

SCHEMES FOR ASSISTING PERSONS TO OBTAIN EMPLOYMENT: "WORK FOR YOUR BENEFIT" SCHEMES ETC.

*Amendment proposed:* 11, page 1, line 11, leave out 'imposing on' and insert 'offering to'.—*(John McDonnell.)*

*Question put,* That the amendment be made.

*The House divided:* Ayes 76, Noes 396.

**Division No. 75] [8.35 pm**

AYES

Baker, Norman
Barrett, John
Beith, rh Sir Alan
Brooke, Annette
Burgon, Colin
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cairn, Mr. Martin
Clark, Ms Katy
Cook, Frank
Corbyn, Jeremy
Cousins, Jim
Cummings, John
Davey, Mr. Edward
Davies, Mr. Dai
Dobson, rh Frank
Drew, Mr. David
Farron, Tim
Featherstone, Lynne
Flynn, Paul
Foster, Mr. Don
George, Andrew
Goldsworthy, Julia
Grogan, Mr. John
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Hoey, Kate
Holmes, Paul
Horwood, Martin
Howarth, David
Hughes, Simon
Hunter, Mark
Jones, Lynne
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Lewis, Mr. David
Leech, Mr. John
Lloyd, Mr. Elfyn
MacNeil, Mr. Angus
Mason, John
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Prentice, Mr. Gordon
Price, Adam
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Simpson, Alan
Skinner, Mr. Dennis
Stunell, Andrew
Taylor, David
Taylor, Matthew
Teather, Sarah
Trussell, Mr. Paul
Wareing, Mr. Robert N.
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilson, Jenny
Wiseman, Mr. David
Wood, Mike
Younger-Ross, Richard

**Tellers for the Ayes:**
Mr. Neil Gerrard and
Edwin Hopkins

NOES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Armstrong, rh Hilary
Atkinson, Mr. Peter
Austin, Mr. Ian
Bacon, Mr. Richard
Baird, Vera
Baldry, Tony
Balls, rh Ed
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bellingham, Mr. Henry
Benn, rh Hilary
Benton, Mr. Joe
Berry, Mr. Richard
Berrow, John
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Borrow, Mr. David S.
Boswell, Mr. Tim
Bradshaw, Mr. Ben
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browning, Angela
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burns, Mr. Simon
Burrowes, Mr. David
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Chapman, Ben
Chaytor, Mr. David
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clark, Paul
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Crockart, Jo
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, David T.C. (Monmouth)
Davies, Philip
Davies, Mr. Quentin
Davis, rh David
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobbin, Jim
Doddi, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dorries, Nadine
Dowd, Jim
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Engel, Natascha
Ennis, Jeff
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farrelly, Paul
Field, Mr. Mark
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael (Worcester)
Foster, Michael Jabez (Hastings and Rye)
Fox, Dr. Liam
Francis, Dr. Hywel
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
George, rh Mr. Bruce
Gibb, Mr. Nick
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Griffith, Nia
Griffiths, Nigel
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hammond, Mr. Philip
Hammond, Stephen
Hanson, rh Mr. David
Harmen, rh Ms Harriet
Harper, Mr. Mark
Harris, Mr. Tom
Hayes, Mr. John
Heald, Mr. Oliver
Healey, rh John
Heathcoat-Amory, rh Mr. David
Henderson, Mr. Doug
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hoon, rh Mr. Geoffrey
Hope, Phil
Horam, Mr. John
Howarth, rh Mr. George
Howarth, Mr. Gerald
Howell, John
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hurd, Mr. Nick
Iddon, Dr. Brian
Iranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lammy, rh Mr. David
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Leigh, Mr. Edward
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Mr. Ivan
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Linton, Martin
Lloyd, Tony
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Main, Anne
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Milton, Anne
Moffat, Anne
Moffatt, Laura
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Mundell, David
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew

Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Ottaway, Richard
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Plaskitt, Mr. James
Prentice, Bridget
Primarolo, rh Dawn
Prisk, Mr. Mark
Pritchard, Mark
Purnell, rh James
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Mr. Keith
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spicer, Sir Michael
Spink, Bob
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swire, Mr. Hugo
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Tyrie, Mr. Andrew
Usher, Kitty
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Walker, Mr. Charles
Wallace, Mr. Ben
Walley, Joan
Walter, Mr. Robert
Waltho, Lynda
Ward, Claire
Waterson, Mr. Nigel
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Whittingdale, Mr. John
Wicks, rh Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilshire, Mr. David
Wilson, Phil
Wilson, Mr. Rob
Wilson, Sammy
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Young, rh Sir George

**Tellers for the Noes:**
**Chris Mole and Helen Goodman**

*Question accordingly negatived.*

## Clause 2

WORK-RELATED ACTIVITY: INCOME SUPPORT CLAIMANTS AND PARTNERS OF CLAIMANTS

*Amendment proposed:* 35, page 4, line 22 , at end insert—

'(A1) This section does not apply in the case of a single parent with a child under five years of age.'.—*(Mr. Clappison.)*

*Question put,* That the amendment be made.

*The House divided:* Ayes 217, Noes 260.

**Division No. 76]** **[8.50 pm**

AYES

Afriyie, Adam
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browning, Angela
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clarke, rh Mr. Kenneth
Clelland, Mr. David
Cook, Frank
Corbyn, Jeremy
Cousins, Jim
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Cruddas, Jon
Cummings, John
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dobson, rh Frank
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Flynn, Paul
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoey, Kate
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kennedy, rh Mr. Charles
Key, Robert
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian

Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Mason, John
May, rh Mrs. Theresa
McDonnell, John
Meacher, rh Mr. Michael
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Mudie, Mr. George
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Ottaway, Richard
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Taylor, David
Taylor, Matthew
Teather, Sarah
Timpson, Mr. Edward
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Warsing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winnick, Mr. David
Wood, Mike
Young, rh Sir George
Younger-Ross, Richard

**Tellers for the Ayes:**
**Jeremy Wright and**
**James Duddridge**

**NOES**

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, rh John
Henderson, Mr. Doug
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James

Prentice, Bridget
Primarolo, rh Dawn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

**Tellers for the Noes:**
Chris Mole and
Helen Goodman

*Question accordingly negatived.*

*Third Reading*

**Mr. Deputy Speaker (Sir Michael Lord):** Before I call the Secretary of State, may I inform the House that Mr. Speaker has not selected the amendment in the name of the right hon. Member for Birkenhead (Mr. Field)?

9.4 pm

**The Secretary of State for Work and Pensions (James Purnell):** I beg to move, That the Bill be now read the Third time.

I thank Members from all parts of the House for the scrutiny that they have given the Bill as it has gone through its Commons stages. Genuine concerns have been raised on all sides, and it is a better Bill as a consequence of that scrutiny. I thank the members of the Select Committee, who did such a good job of scrutinising the Bill, as well as the Chairman of the Select Committee, my hon. Friend the Member for Bradford, North (Mr. Rooney). It is important that I thank in particular my hon. Friend the Member for Glasgow, North-West (John Robertson), who has done exactly what a Labour MP should do. *[Interruption.]* He is rushing to his seat. His amendment on the disability living allowance for blind people encapsulates the principle of the Bill, which is about more help for people who need it most. We believe that disabled people should have exactly the same rights in life as anybody else.

I thank not only my hon. Friend, but the coalition that made this possible, including the Royal National Institute of Blind People and the hon. Member for Bournemouth, West (Sir John Butterfill); we should recognise that he played an important part. I also thank in particular my right hon. Friends the Members for Stirling (Mrs. McGuire) and for Sheffield, Brightside (Mr. Blunkett) and my hon. Friends the Members for Aberdeen, South (Miss Begg) and for Kingswood (Roger Berry). They have argued long and hard for the measure, which is not only right but has commanded support on both sides of the House.

I say that—it was, however, hard to tell from the speech made by the hon. Member for Forest of Dean (Mr. Harper) what the Conservative party's position was. When there are spending decisions to be taken about millionaires, its view is clear. However, when it came to working out what it thought about giving extra help to people who are disabled and blind, it had to wait for a Labour Government to show the way. Frankly, that will be noticed not just by blind people but by anybody who cares about social justice in this country.

**Mr. Hollobone:** In the last debate, it was difficult to spot any reference by Her Majesty's Government to when the new commitment to fund the higher-rate mobility component would kick in. What year will that funding commitment arrive and is the Secretary of State happy with the definition of "blind" put forward by the RNIB?

**James Purnell:** I pay tribute to the fact that the hon. Gentleman raised that issue at oral questions yesterday. Yes, the definition is the same as that suggested by the RNIB, and we are committed to introducing the measure from April 2011; I hope that I have given him the clear information that he is after.

Finally, I thank my ministerial team, who have done such a fantastic job in taking the Bill through, and both Opposition Front Benchers; the debates have been courteous even when we have disagreed.

The Government believe in the welfare state. It embodies the conviction that we are more than just self-interested individuals, that there is such a thing as society and that we judge the moral value of a society by how it treats its poorest citizens. The Bill is aimed squarely at that principle. It rests on a belief in the dignity of work—a belief that work will always be the best route out of poverty, the best way for people to achieve their aspirations and the best hope that the next generation will do better than the last. That vision underpins the reforms. It is a vision of a supportive welfare state to help people to overcome the barriers in their way, but an active welfare state to make sure that as many people as can overcome those barriers do so.

The Bill takes forward the work done by my right hon. Friend the Secretary of State for Scotland, who started this process when he was Employment Minister and I was Pensions Minister. His proposals are coming in as we speak and are making a big difference to people all around the country. They establish further in legislation the principle that virtually everyone on benefits should be doing something in return for them and that those people should prepare themselves for work in a way that is appropriate for them.

By contrast, the Opposition have proved tonight that they are simply not serious about welfare reform. They still believe that the welfare state is the problem rather than the solution to people's problems. They have shown tonight that they have no positive vision for the reform of the welfare state and that they want not to change lives with welfare, but to play politics with it. There were months of tough talk on welfare and of stigmatising people in the national papers, but when the time came to take real action, they failed the test that their leader set for these reforms.

**Mr. Harper:** What is he talking about?

**James Purnell:** I will tell the hon. Gentleman; I will quote to him what the Leader of the Opposition said when these proposals were published:

"the government should know that if they have a problem with their back benchers then the Conservative Party under my leadership will do the right thing and will back them up and make sure we reform welfare properly."

When we published the Green Paper, when we published the White Paper and on Second Reading, the Conservatives stood at that Dispatch Box and said that they would support our proposals. But tonight, this Bill and these proposals have not gone through with Conservative support; they have gone through despite the Conservatives. They voted against the proposals that we have just put forward—proposals that were supported by David Freud and by the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith). The Opposition cannot say that they believe in welfare reform, but when it comes to the test, vote against those very proposals.

**Mrs. Theresa May** (Maidenhead) (Con): I am not quite sure where the right hon. Gentleman has been this evening because he obviously has not been listening to the debate. I point out to him that had it not been for our support, the Government would have lost the vote on amendment 11—an amendment to wreck this Bill tabled by Labour Back Benchers.

**James Purnell:** That is simply not correct because I was here. The right hon. Lady was not in the Chamber. I have been here for the last two hours, and she is simply wrong to say that.

This Bill has gone through despite the opposition of Her Majesty's Opposition and it has gone through as a Labour Bill. They said that it would go through only with their support; it has gone through despite their opposition. That shows that they are not serious about welfare reform. From tonight onward, we will hear no more about them fixing the broken society and we will hear no more about them making greater savings on the welfare state than this Government, because when it came to the crunch, they were not prepared to support welfare reform. That will be noticed all around the country.

The Bill has been passed with Labour votes for one simple reason: we believe in the values of the welfare state. We believe that by reforming the welfare state we can better achieve those values, and we know that doing nothing, which is what the Opposition propose, would mean condemning too many people to being trapped on benefits, just as they were under the previous Tory Government.

The principle that virtually everyone should be on a journey back to work is so simple that it seems self-evident. There are those for whom a job is not appropriate right now—people with very young children, those with caring responsibilities or those with the most serious illnesses or disabilities—and the exact same pattern of conditionality will continue to apply to them. However, for the vast majority of our population, work is clearly preferable to being unemployed, so we will provide greater support for people to get into work. For example, we pay thousands of pounds to lone parents as a premium, on top of their pay, when they go back into work.

We should expect people to take up support because we know that if it is a matter of people simply volunteering for it, fewer people will take it up and fewer lives will be changed. That expectation—matching support with the responsibility to take it up—is nothing new. It was in the National Insurance Act 1911, it was reinforced in Beveridge's report and it was enacted by the 1945 Labour Government, who believed that the state should in no way stifle responsibility.

**Paul Rowen:** I am listening carefully to what the Secretary of State is saying. Why did he not support the amendment tabled by one of his own Back Benchers that would have ensured that lone parents received the same additional premium that employment and support allowance claimants get for undertaking work for their benefits?

**James Purnell:** Those people actually receive a greater premium. They receive £40 if they are outside London and £60 if they are in London. They get thousands of pounds—they get housing benefit run-ons and they get up to £300 in support to cover things such as buying a suit for an interview and travel to that interview. Support for lone parents has been completely transformed since this Government came to power.

There has never been anything left-wing about leaving people to a lifetime on benefits, which is why the Bill will ensure that people have every chance of getting back into work, but with an obligation to take up that support as well. The same principle is true of disabled people. They should have the same rights as everybody else, and the same right to work as anybody else. At the moment, society discriminates against people by not giving them the same chance to work, and the Bill is a big step towards putting that right by giving disabled people the right to have control over the support that they get. If they are happy with the support that they get from the state, they are fine to continue with it, but with the right to have control over that support, they will be able to decide how they can spend that money.

Exactly the same principle underpins why problem drug users will be expected to take up treatment, instead of just putting money into the pockets of drug dealers—a policy that, again, the Opposition sought to oppose.

**Mike Wood** (Batley and Spen) (Lab): Will the Secretary of State make it clear whether he thinks that the amount of treatment necessary is actually available?

**James Purnell:** Yes, I am happy to give my hon. Friend that assurance. We will ensure that we pilot the scheme in areas that are able to provide that treatment. If it were not available, that would be a good reason for

*[James Purnell]*

that conditionality not to be applied, but we intend to pilot the scheme in areas where we are assured that that is absolutely possible.

**John Mason:** Does the Secretary of State agree that some of the money that is to be cut from benefits to drug dealers—I mean drug addicts—would in fact not have gone to drug dealers but would have been spent on food for the children of drug addicts, and that those children will now suffer?

**James Purnell:** The hon. Gentleman's Freudian slip is exactly the problem. If we do not help people to get clean from drugs, the money will go into the pockets of drug dealers. That in no way helps children. The Scottish National party lives on a completely different planet. It somehow thinks that if we give benefits to parents who are on drugs, that money will get to the children. The way to help children is to ensure that we give people every support and incentive to get clean so that they can give their children more money. Even at this late stage, the SNP should reconsider its position on that. We are clear that, if the SNP Government will not work with us to address serious drug taking, we will work with councils in Scotland to ensure that children can get exactly that help.

**Steve Webb:** Has the Secretary of State considered the extent to which forced treatment, whereby patients are threatened with sanctions if they do not accept it, is compatible with the new NHS constitution?

**James Purnell:** Yes, we absolutely have. We work closely with the Department of Health and we are not forcing people to take treatment. We are forcing them to ensure that they turn up to an interview to discuss their personal action plan and take steps to address their drug problem. That is absolutely consistent with the principles not just of the NHS constitution but of the medical profession. I hope that that reassures the hon. Gentleman.

**Bob Spink:** Will the Secretary of State consider Essex as one of the pilot areas and continue to focus on creating more residential places for rehabilitation treatment? On a wider note, I congratulate the Government on listening and on delivering the Bill, which will take us a step forward. Does he accept that there is still more work to do on removing benefit traps to work—the reduction of council tax and the loss of housing benefit? We still have much more work to do on that.

**James Purnell:** I am very happy to consider whether Essex would be a good candidate, and I would be happy for the hon. Gentleman to make a representation on that.

The proposals in the Bill are right because they will give people more help to get back into work. We should be thinking not just about people who are on the JSA account but about lone parents and those who are sick and disabled. If we did not take the proposals forward now, as some people have suggested, that would mean less help for the people who are furthest away from the labour market. That is precisely the mistake that was made in the past, and we will not repeat it.

In this Third Reading debate so far, it has been interesting to see the irritation among those on the Opposition Front Bench at my accusation that the Opposition are opposing the Bill. The facts are absolutely clear. When asked about the drugs proposals, the predecessor of the right hon. Member for Maidenhead (Mrs. May) said that

"We should just apply the current rules",

and that the proposals were window dressing. When the proposals to take passports and driving licences away from people who do not live up to their responsibilities went to the other place, the Conservatives ensured that it did not go through. Tonight, when asked whether they would support the reforms in the Bill, having said that they would do so, they voted against them. They are not serious about welfare, and tonight the whole country can see that.

**Mrs. May** *rose—*

**Mr. Deputy Speaker:** Order. To be clear, has the Secretary of State finished, or is he giving way?

**James Purnell:** I am happy to give way.

**Mrs. May:** I am grateful to the Secretary of State. It was not entirely clear whether he had finished his speech with that peroration. He talks a lot about comments that he claims were made in the past. In fact, his reference to the comments on the drugs issue of my predecessor, my hon. Friend the Member for Epsom and Ewell (Chris Grayling), is wrong, as I pointed out on Second Reading. However, he has so far not cited a single occasion when we have shown opposition to the Bill. How many times did we vote against the Government on the Bill in Committee?

**James Purnell:** The right hon. Lady's party has just voted against it in the last Division. I do not know what planet she is on—it is quite extraordinary. The test of whether the Opposition support the Bill is whether they vote for it. How could it be less complicated? Her party's leader said that the Bill would go through only with the Opposition's support. They tried to have a political strategy of having their cake and eating it, but it has exploded in her face and that of and her leader. They oppose the welfare reform proposals. When we pointed out that they were opposing treatment for people who are addicted to drugs, the hon. Member for Epsom and Ewell said in the *Daily Express* on Thursday 11 December—I can quote the article if the right hon. Lady wants—that we were "window dressing" and that we should simply "apply the current rules". When we outlined what the Opposition were effectively opposing, they beat a retreat because they were embarrassed. When we pointed out that they opposed ensuring that passports and driving licences could be taken away from deadbeat dads, they were embarrassed and ran away from that position. Tonight, they were not clever enough to work out that their political strategy would expose the fact that they are not serious about welfare reform. That is what we conclude from the debate.

9.20 pm

**Mrs. May:** I join the Secretary of State in thanking all those who were involved in the Bill's passage and all

those who contributed to the debates, especially hon. Members who served on the Public Bill Committee—I think that the Secretary of State meant the Public Bill Committee when he referred to the Select Committee—and, in particular, my hon. Friends the Members for Hertsmere (Mr. Clappison) and for Forest of Dean (Mr. Harper), who took the Bill through the Committee. The Committee Chairmen who provided guidance are also due our thanks, as are other members of the Committee, including my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) and my hon. Friend the Member for Henley (John Howell). The Committee examined the Bill in detail and produced what I hope and believe will be a workable measure.

Ministers have heard many arguments during the Bill's passage and they appear to have listened to some. The cross-party co-operation in Committee and this evening is commendable and further proof of the strength of feeling in the Chamber about the issues. However, the measure has been introduced in difficult circumstances: the country is in the grip of severe recession and many have questioned whether now is the time to reform our welfare system. We believe that now is absolutely the time for reform and that the recession makes that more, not less urgent. I said that to the Secretary of State on Second Reading. I also said that he was right to press ahead and that we would support the Government, as we have done.

I told the Secretary of State that we would help drive welfare reform because it is right for the country. I assured him that Conservative Members would support the Bill. *[Interruption.]* The Secretary of State mutters, "You've just voted against it." I pointed out in my intervention on him that, without our votes on the wrecking amendment that Labour Back Benchers tabled, the Government would have lost. The opposition to the Bill has come from the Labour party, not the Opposition.

The Secretary of State's speech on Third Reading was a sign of the Government's desperation. He related a complete fiction about the Opposition's attitude to welfare reform and the Bill. He has created a new principle for debate in the House: if one tables an amendment to a specific clause in a measure, one obviously opposes the whole Bill. That is interesting, given the number of Government amendments that are normally tabled to Bills. He is establishing a ridiculous principle because he is desperate to try to prove that we do not support the Government on welfare reform.

The Secretary of State is wrong—I pointed that out in a point of order yesterday. We all know what Ministers do: they think that if they say something often enough, everybody will miss the fact that they are wrong and start to believe that it is correct. I put it firmly on the record again—as I did on Second Reading and as my hon. Friends did in Committee—that we support welfare reform and the Bill.

**James Purnell:** Does the right hon. Lady acknowledge that her party leader called the proposal shameful and will she say how she voted in the last Division?

**Mrs. May:** I did indeed vote in the last Division, and in favour of an amendment to the Bill which we moved. However, as I have said, if the Secretary of State is pretending that anybody who votes for an amendment to a Bill is voting against the Bill, he has created a dangerous precedent for the Government in relation to their amendments to future Bills. That is a sign of complete desperation from the Government, because the Secretary of State cannot accept that we support him on this Bill and that the opposition to it comes not from the Conservative party, but from his Labour Back Benchers.

There have been issues on which we have pressed the Government to go further. For example, we would have liked them to go further on the right for disabled people to have control over the services that are provided for them. Sadly, the Secretary of State is not going far enough on that, which I suspect is an issue to which we shall return in future debates on the Bill.

Many of the provisions in the Secretary of State's Bill can be traced back to the Conservative party manifesto in the 2001 general election. Our "Britain Works" proposals advocated paying

> "private contractors a fee to take an unemployed person on, and a success fee if they find them a job."

We set out in our manifesto eight years ago the steps that we thought were necessary for welfare reform. The Government have finally come round to our proposals, although it is rather too late for many thousands of people.

The Government had the opportunity to take on welfare reform earlier. The right hon. Member for Birkenhead (Mr. Field) was asked to "think the unthinkable". Unfortunately, the Labour Government were not prepared to adopt the unthinkable. The right hon. Gentleman, who is well respected across the House for the work that he puts in and for his knowledge and expertise, came forward with proposals, but the Government were not willing to accept them. The Government shied away from welfare reform at every previous opportunity that they had. We are grateful to them for introducing the Bill now, because it is better late than never for the thousands of people whose lives have been blighted as a result of the Government's unwillingness to grasp the nettle earlier.

We welcome the Government's commitment on a disability living allowance for blind people. I am sorry about the tone taken on that issue by the Secretary of State. My hon. Friend the Member for Forest of Dean, the shadow Minister for disabled people, has always made it clear that if the Government found the money, we would support them. I note that the Minister for disabled people said in the Chamber yesterday that the Government could not find the money and that they would not be able to go ahead, but today they have suddenly found it.

**Jonathan Shaw:** For clarification, I did not say what the right hon. Lady says I did. She should read the transcript of the remarks of the hon. Member for Forest of Dean (Mr. Harper) in Committee. He said nothing about the upper rate of DLA.

**Mrs. May:** I suggest that the Minister looks at *Hansard* to see what he said yesterday, because he did indeed refer to the fact that he was not able to give a commitment at that stage and that he had not found the money. He referred to the Chancellor of the Exchequer walking in and said that he perhaps would now be able to find the money. However, he has not confirmed that he has found the money today. I also note that the timetable for the introduction of the new proposal in 2011 means that it will fall to a Conservative Government to introduce it.

*[Mrs. May]*

There is one issue in particular to do with welfare reform and the benefits system that I wish to raise with the Secretary of State. It has been raised previously in debate and I hope that he will consider it. He will know that many women who are fleeing violent relationships rely on income support to fund a stay in a refuge, a place of safety where they can escape abuse. Refuges and other experts have expressed concern that moving lone parents whose youngest child is 12—in future the age will be seven—on to jobseeker's allowance, which we broadly support, will unintentionally hurt victims of domestic violence.

Asking a woman who has just fled a violent relationship to go out and search for work immediately is not appropriate. Last December, we proposed a period of grace of three months, during which time women who are housed in refuges following domestic violence will not be required to seek work in order to qualify for jobseeker's allowance. The mothers of around 3,000 children could be affected, so I hope that the Government will address the issue. Indeed, I will happily give way to the Secretary of State if he says that he will.

**James Purnell:** We believe that that is already the case, but I can definitely give the right hon. Lady that reassurance. We would have said that on Report if the matter had come up, but it did not.

**Mrs. May:** I am grateful to the Secretary of State for that intervention. This is an important issue, and I shall certainly be making sure that his commitment today is followed through. That will be important to many women who are fleeing from domestic violence.

Much common ground has been covered during the Bill's passage through the House, and the debate has been insightful and informative. On issues as emotive as these, there is bound to be passionate disagreement, however. Although I have not supported the arguments put forward by the hon. Member for Hayes and Harlington (John McDonnell) and those Labour Members who supported his position on the Bill, no one could doubt their commitment to their cause.

Welfare reform is important, and it is necessary for us to ensure that we have a welfare system that not only supports those in need but encourages people to get into the workplace, because we firmly believe that work is the best route out of poverty. We face difficult times in the recession, but we believe that welfare reform is needed now more than it has been previously. It is a great pity that this reform is not already in place. The Government had the opportunity to introduce it several years ago, but they flunked it. They dithered, and they were not prepared to go ahead with it. They have now brought forward this Bill, however, and we support it; I am happy to support its Third Reading.

9.31 pm

**Steve Webb:** The Bill has two redeeming features. One is the additional powers and control that disabled people will have over services. We were unable to talk about those measures today, but we welcome them none the less. The second is the additional support for blind people that has been added to the Bill this evening, and which we also very much welcome. Without those two redeeming features, we would have had no hesitation in opposing what is otherwise a nasty Bill. The Committee did its best to scrutinise the Bill, and I am grateful to my hon. Friend the Member for Rochdale (Paul Rowen) for his work in that regard. However, the remainder of the Bill is a very worrying piece of legislation.

We were just about to get on to the provisions for people with drug addictions, but we did not do so because we again ran out of time. I hope, however, that our noble Friends in another place will have been looking in on our debates and will perform the scrutiny that—notwithstanding the efforts of my hon. Friend and others—we were unable to do in this House. The provisions for people with drug addictions are profoundly flawed.

The serious addiction problem that we have today is the Secretary of State's addiction to cheap headlines, to talking tough and to yet more welfare crackdowns. What have we had this evening? We have had deadbeat dads, money going to drug dealers and all the rest of it. Behind all the rhetoric, however, we find ineffective policy and, for all the talk, the plans for people with drug addictions are profoundly worrying. The Government have admitted, for example, that people with a serious drug habit who are on £60 a week jobseeker's allowance will clearly be involved in crime, because they cannot feed themselves and their drug habit on £60 a week.

The Government's answer to such people is to threaten to take their money away unless they accept forced treatment. The Secretary of State said that no one was being forced to do anything and, of course, they are welcome to say no if they want to have their money taken away. The Government are breaching an important principle here. The Secretary of State is a thoughtful man, and it is rather disturbing that he has blinded himself to the principle that we do not force people to take treatment. He said that they would simply have to come in for a conversation and an appraisal, but if the appraisal found that treatment was appropriate and the individual did not accept that—or, more realistically, if they accepted it but were unable to stick to it because of the chaotic lifestyle that many of these people lead—they would face the threat of their money being taken away.

I have a simple question for the Secretary of State. Assuming that these powers are ever used, what does he think would happen next? Let us suppose that the arrangements were not 100 per cent. successful, and that some people failed to meet the conditions and were sanctioned under the powers in the Bill. What does he think would happen next? Does he think that those people would come to their senses and snap out of it and that all would be well? Or might they find some other way of getting money? Is that really what we want?

There is far too much stick in the Bill, and not nearly enough incentives. The Government have pilot programmes for people with drug problems, and they have proved effective. However, they have been based on incentives and encouragement, and on getting alongside people, not on threatening them. The Bill is riddled with new threats and new incursions into people's liberties, which we do not support. There are new provisions for taking away passports and driving licences, for example. That can already be done now, but the Government want to

be able to do it without reference to a court. Their lordships threw that proposal out last time, and I hope that they will do so again.

There are also new sanctions for people who have not committed an offence, but who might have accepted a caution because they did not want the hassle of a court case. They will now be able to have their money taken off them more readily, as will people who fail to make it to interviews. That is not to mention the change to the social fund, which we did not even get round to discussing, whereby the Government originally threatened to impose store card rates of interest on people. They then backed off, but we do not know what they are going to do; we have no idea. This Bill is riddled with provisions that give Ministers an excuse for tough talk, but the policies that lie behind that talk are often ineffective.

On Report, the hon. Member for Hayes and Harlington (John McDonnell) mentioned something that the Ministry of Justice had done. It is interesting to note that the ministry is responsible for evidence, but when it tried out a benefit sanction for people who did not keep their community orders, it said, after several years of trying the scheme, that the evidence showed that it did not work. The ministry stopped the scheme, but the Department for Work and Pensions does not stop doing things when they do not work; it just talks tougher and passes another piece of legislation without waiting to see whether the last one has worked.

Let me now put a prediction on the record: the drug addict provisions will run for a couple of years, and then there will be a report. The policies should be carried out only if subject to an affirmative resolution, but the Government will press ahead with them simply on account of their dogma of talking tough. They will not want to sound as if they are not talking tough, so they will press on.

As I have said, if it were not for the redeeming features of the Bill, it would give my hon. Friend the Member for Rochdale and me the greatest pleasure to oppose what is a fundamentally nasty Bill. The redeeming features are the provisions for disabled people and the new provisions for blind people, which we will not oppose. However, I hope that our noble Friends in the other place will do a lot to take out the fundamentally illiberal and ineffective proposals that run all the way through the Bill.

9.36 pm

**Mr. Frank Field** (Birkenhead) (Lab): I am grateful to be called to speak in this debate. It seems that I might be the only Member who wants to vote against the Bill. Perhaps I can explain to the House and to my constituents why I find myself in that position, at a time when a genuine radical heads the Department for Work and Pensions and his team is committed to reform. Why am I unhappy that we are going through this dance in trying to put this reform programme on the statute book?

For different reasons, I agree with the concluding comments of the hon. Member for Northavon (Steve Webb)—I doubt whether much of this Bill will ever see the light of day. If we had introduced it in our first Parliament—I know that my right hon. Friend the Secretary of State was probably too young to vote then, let alone lead the team—we would have lived up to our manifesto declarations and hopes for reforming the welfare state, not just because we were in favour of reform but because we wanted to look at where the new stresses were as society evolved and to share the risks and costs.

This Bill was hatched and drafted when we all—or at least most of us—believed that there would be no end to the boom. That is why we agreed to the reforms of Jobcentre Plus, why we agreed to reductions in numbers, why we voted through reductions in staff. However, the world that our constituents now confront is a very different world from the one we thought this Bill might apply to. It is a world in which unemployment is already beginning to rise, and to rise fast. If we last another year before the general election, I hope that any Bill we introduce will be relevant to the welfare reform issues that our constituents face.

I hope that I am the last Member to deny that some, maybe many, people should be more actively reintroduced to the work routine, or whatever the current jargon is. However, there have always been some people, even at the height of the boom, who wanted work but could not find it. Many of our constituents now hitting the dole queues might have worked their whole lives since leaving school and have paid 10, 20, 30 or 40 years of contributions. When they go to register, however, they find not just that they might be offered only a couple of minutes with Jobcentre Plus staff, who are now so pressed to get through the queues of people, but that they have to elbow their way between people who have never paid taxes and who have never contributed to the national insurance scheme, yet who will draw exactly the same as they will, notwithstanding their 10, 20, 30 or 40 years of paying contributions. Those constituents do not believe that the Bill meets their needs for welfare reform.

Last Friday we discussed one aspect of what welfare reform should be about: redundancy payments. Should not people who have worked hard and whose jobs are snatched from them expect to receive more compensation, so that the landing is not as tough as it would otherwise be? Should there not be a benefits system that supports people who have worked in the past—for whom work is part of their DNA—rather than putting them through the mill that we are creating, involving yet more sanctions and more doubt about whether people genuinely want to seek work?

Given my track record, I doubt that many of my constituents think I am not tough enough on the group who do not genuinely want to seek work. However, the Bill totally ignores the new poor: people who are already registering at jobcentres and who are desperate for work, scrambling for jobs, and willing to downsize in terms of the jobs and the wage packets that they accept because they think that work is so important. What does the Bill offer them? It offers them nothing. That is why I think that tonight has been a charade when it comes to establishing whether someone is a welfare reformer.

We could divide on Third Reading. We could vote against this measure. We could say that it does not in any way meet the requirements of our constituents. However, we are not going to do that. We are going to disappear into the night without a vote. I hope that before the year is out, when the unemployment totals reach unimaginable proportions, the House will get serious about welfare reform; but I think that when it does, we will not hear much about today's debate.

9.42 pm

**John Mason:** We have seen a major U-turn by the Government. We welcome the increase in disability living allowance for people with sight problems, and for that single reason we will not vote against the Bill. However, I believe that it is a deeply flawed Bill, and, indeed, a Tory Bill with Labour window-dressing. Last July, during the Glasgow, East by-election, I said that there was no real difference between Labour and the Conservatives, and it seems to me that the Bill proves that fact.

There are some good things in the Bill, and we are happy to welcome them. The basic concept of enabling everyone who can work to do so is a good one, but it does require work to be available. Are the Government doing enough to create jobs? I do not think so. They could have used the money from the VAT cut to pay for capital projects, but they did not. They could have given borrowing powers to Scotland and Wales, but that has not happened, although it would have increased the number of jobs.

This seems a strange time to introduce such a Bill. If the underlying aim is to move people into work, how does that tie in with there being fewer and fewer jobs? We hear that there are 10 applicants for every job. If the Government are pushing one way to get people into work and the real world is pushing the other way—pushing people out of work—who will be caught in the middle? Surely it will be the ordinary, vulnerable people.

No one referred to claimants on drugs today, but I should have liked to discuss them, because they constitute one of the clearest examples of vulnerable people being hit by the Government. If we cut the benefits of people on drugs, what will happen to their children? What will happen to their families? Do we expect elderly grandparents on limited means to supply their food? Do we pressurise the parents to resort to crime—as has been mentioned—or do we expect the children to go without food?

It is easy for us in this place to become detached from reality. We have good salaries and umpteen eating places. The other week, however, a constituent came to my office who, for various reasons, had not eaten for three days that week. I do not think that that is acceptable in 2009, and I fear that the Bill will make matters worse.

We took evidence in Committee, and I asked about what would happen to the kids of drug addicts if the parents' benefits were cut. One charity that supported conditionality could not answer that question. In Committee, the Minister for Employment and Welfare Reform said that the ideas about what would happen were fatuous and vacuous. He has been using such words quite a lot recently, and his resorting to personal attacks shows that his argument is weak.

We have devolved Governments nowadays, and there is nothing wrong with trying different approaches in different places. By all means, we can use England as a guinea pig for this, but we will watch and we will learn, and we will see what we want to do in our country. I do not think there is any need to get all hot and bothered because Scotland will not do things exactly the same as England. Let us have a constructive relationship between our countries. Let us not start fights with each other when we do not need to. *[Laughter.]* I will repeat that, as some Members might not have caught what I said: let us not start fights when we do not need to. We believe that access to treatment should be based on clinical need, not receipt of benefits. The Scottish Government are spending £29.5 million on tackling drug misuse this year and have been widely praised by experts in the drugs field.

Conditionality might work in certain circumstances, but it requires that people receive extra over the minimum benefits, so that that extra might be conditional and might be taken away. However, I believe the benefit level is so low at the moment that we cannot justifiably take any of it away.

Both in this Chamber and in Committee, we have been assured by Ministers that jobcentres will individualise and personalise their support and requirements for each individual. Do we believe that? There are superb individuals working in jobcentres, but is it possible for such a huge grinding bureaucracy truly to be concerned about the individual? Just this week, I learned of a taxi driver who had been off sick. Because of a pensi[illegible] he is getting only £5.16 per week in benefits, but he has been called in for a medical assessment. What will the medical assessment cost? How is that possibly personal care? The Secretary of State may be well intentioned and give assurances in this Chamber, but is the legislation going to be applied in a harsh and draconian way?

I promised my constituents that I would judge issues at Westminster by how they affected the gap between rich and poor. In this recession, we see top bankers who have virtually destroyed their banks and half the economy walking away with knighthoods and handsome pensions. In this Bill, we see those at the bottom of society being squeezed more and more. There is something wrong with that.

**Mr. Speaker:** Does the Secretary of State wish to reply?

**James Purnell:** Just on a point of accuracy, Mr. Speaker, since you ask me. In her opening remarks the right hon. Member for Maidenhead (Mrs. May) said that new clause 1 would have passed with Conservative votes. I just want to put it on the record that that is not accurate; if all Conservative MPs had voted for new clause 1, the vote would have been 247 for the Government and 225 against. Therefore, she is wrong on that.

**Mrs. May:** On a point of order, Mr. Speaker. I actually said that there were 85 votes against amendment 11, and that without Conservative support it would have gone through.

**Mr. Speaker:** The right hon. Lady has put the record straight.

**James Purnell:** Further to that point of order, Mr. Speaker, and to correct myself—

**Mr. Speaker:** Order. No, the right hon. Lady has put the matter on the record, and we will end it at that.

*Question put and agreed to.*

*Bill accordingly read the Third time and passed.*

# Business without Debate

## DELEGATED LEGISLATION

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

ELECTRONIC COMMUNICATIONS

That the draft Data Retention (EC Directive) Regulations 2009, which were laid before this House on 11 February, be approved.—(*Ms. Diana R. Johnson*).

*The House divided:* Ayes 241, Noes 93.

**Division No. 77]** **[9.49 pm**

### AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cook, Frank
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Efford, Clive
Elman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harris, Mr. Tom
Healey, rh John
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Bridget
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

**Tellers for the Ayes:**
**Helen Goodman and Chris Mole**

NOES

Afriyie, Adam
Arbuthnot, rh Mr. James
Baldry, Tony
Baron, Mr. John
Barrett, John
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Boswell, Mr. Tim
Burrowes, Mr. David
Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
George, Andrew
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Hammond, Mr. Philip
Harper, Mr. Mark
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Herbert, Nick
Hollobone, Mr. Philip
Howarth, David
Howell, John
Hughes, Simon
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Knight, rh Mr. Greg
Kramer, Susan
Lancaster, Mr. Mark
Laws, Mr. David
Lewis, Dr. Julian
Lilley, rh Mr. Peter
MacNeil, Mr. Angus
Mason, John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
Moore, Mr. Michael
Mundell, David
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Penrose, John
Price, Adam
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Rogerson, Dan
Rowen, Paul
Russell, Bob
Selous, Andrew
Shapps, Grant
Smith, Sir Robert
Spink, Bob
Stuart, Mr. Graham
Stunell, Andrew
Turner, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walter, Mr. Robert
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Mark
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Sammy
Young, rh Sir George

**Tellers for the Noes:**
**Mr. Stephen Crabb and Bill Wiggin**

*Question accordingly agreed to.*

*Motion made, and Question put forthwith (Standing Order No. 118(6)).*

MENTAL CAPACITY

That the draft Mental Capacity (Deprivation of Liberty: Monitoring and Reporting; and Assessments-Amendment) Regulations 2009, which were laid before this House on 23 February, be approved.—*(Barbara Keeley.)*

*Question agreed to.*

**Mr. Speaker:** With the leave of the House, we shall take motions 6 to 15 together.

*Motion made, and Question put forthwith (Standing Order No. 118(6)).*

INCOME TAX

That the draft Enactment of Extra-Statutory Concessions Order 2009, which was laid before this House on 10 February, be approved.

INSURANCE PREMIUM TAX

That the Insurance Premium Tax (Amendment of Schedule 6A to the Finance Act 1994) Order 2009 (S.I., 2009, No. 219), dated 10 February 2009, a copy of which was laid before this House on 10 February, be approved.

LOCAL GOVERNMENT

That the draft Local Government (Structural Changes) (Miscellaneous Amendments and Other Provision) Order 2009, which was laid before this House on 2 March, be approved.

That the draft Cornwall (Electoral Arrangements and Consequential Amendments) Order 2009, which was laid before this House on 2 March, be approved.

BANKS AND BANKING

That the Banking Act 2009 (Restriction of Partial Property Transfers) Order 2009 (S.I., 2009, No. 322), dated 19 February 2009, a copy of which was laid before this House on 20 February, be approved.

That the Banking Act 2009 (Third Party Compensation Arrangements for Partial Property Transfers) Regulations 2009 (S.I., 2009, No. 319), dated 19 February 2009, a copy of which was laid before this House on 20 February, be approved.

That the Banking Act 2009 (Bank Administration) (Modification for Application to Banks in Temporary Public Ownership) Regulations 2009 (S.I., 2009, No. 312), dated 19 February 2009, a copy of which was laid before this House on 20 February, be approved.

That the Banking Act 2009 (Bank Administration) (Modification for Application to Multiple Transfers) Regulations 2009 (S.I., 2009, No. 313), dated 19 February 2009, a copy of which was laid before this House on 20 February, be approved.

That the Banking Act 2009 (Parts 2 and 3 Consequential Amendments) Order 2009 (S.I., 2009, No. 317), dated 19 February 2009, a copy of which was laid before this House on 20 February, be approved.

NORTHERN IRELAND

That the draft Criminal Damage (Compensation) (Amendment) (Northern Ireland) Order 2009, which was laid before this House on 17 December, be approved.—*(Barbara Keeley.)*

*Question agreed to.*

## STANDARDS AND PRIVILEGES

*Ordered,*

That Mr David Curry be discharged from the Committee on Standards and Privileges and Mr Greg Knight be added.—*(Barbara Keeley.)*

## PETITIONS

### National Parks (South Downs)

10.3 pm

**Mr. Michael Mates** (East Hampshire) (Con): I beg leave to move a petition on behalf of the members and supporters of the South Downs Campaign, of whom there are more than 10,000 who are mostly my constituents. The petition is in order and has been checked in the Journal Office so I shall not delay the House by reading it all out, but I shall give a few words of very brief explanation. Seven or eight years ago, the Government proposed an area for a new national park in the south downs. The proposal was rigorously examined at a public inquiry and the inspector, for reasons best known to him, decided to cut part of the area out, much of which is in my constituency. That is why these supporters

are up in arms. This is an area of outstanding natural beauty. If we are to have a national park, it should include all the area as originally envisaged. That is the petition of the supporters of the South Downs Campaign and I very much hope that the Government will listen to it and revert to their original plan.

*Following is the full text of the petition:*

*[The Humble Petition of members and supporters of the South Downs Campaign,*

*Sheweth that the area of land known as the Western Weald, including the towns of Petersfield, Liss, Midhurst and Petworth and the surrounding villages, has been designated by the Countryside Agency (now Natural England) as being worthy of inclusion on the South Downs National Park, on the grounds of their great natural beauty, cultural and historical richness and close links with the chalk downs; further sheweth that the people living in that area and those who admire and love it are strongly desirous of it being so included.*

*Wherefore your Petitioners pray that your Honourable House urges the Secretary of State for Environment, Food and Rural Affairs to confirm that the South Downs National Park shall include all of the said area and all such areas as have subsequently been considered worthy of inclusion.*

*And your Petitioners, as in duty bound, will ever pray, &c.]*

[P000335]

## Eastham Library

10.4 pm

**Ben Chapman** (Wirral, South) (Lab): This is the petition of some 600 residents of Eastham, and others.

The petition states:

The Petition of residents of Eastham, and others,

Declares that the decision by Wirral's Cabinet to either close Eastham Library or transfer it to community ownership is wrong in both form and substance; further declares that the concept of community transfer has not been sufficiently thought through here and it will give rise to widespread concern about the future of the facility; notes that since Eastham Library was previously recommended by Wirral Council "to be retained", the people of Eastham have not been given any reasonable chance to respond to the consultation and make their views known; and further notes that the people of Eastham, as the rest of Wirral, South, see themselves as always getting short shrift in relation to the North of Wirral.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Communities and Local Government to encourage Wirral Council to reconsider its decision to close Eastham Library if community ownership cannot be found by end of June 2009.

And the Petitioners remain, etc.

[P000336]

## Postal Services (Rye)

*Motion made, and Question proposed,* That this House do now adjourn.—*(Barbara Keeley.)*

10.5 pm

**Michael Jabez Foster** (Hastings and Rye) (Lab): According to a recent survey by Help the Aged, nearly 60 per cent. of older people say that their post offices are essential to their lives. The Post Office is a much loved institution and I want to tell my right hon. Friend the Minister for Employment Relations and Postal Affairs that I am proud of what the Labour Government have done to maintain a post office network with a viable future. I am proud that, unlike their predecessor, this Government have recognised the value to our communities of preserving a comprehensive network of local offices, and that they have agreed an ongoing social subsidy of £150 million per year as part of an investment in the service of £1.7 billion.

We know that, if the Post Office were privatised, there would be just 4,000 "profitable offices", and I suspect that they would be less profitable were it not for the comprehensiveness of the current service. As I said, our Labour Government are providing a social subsidy of roughly £18,000 per loss-making branch. That is an extraordinary commitment to the service, and a clear sign of the Government's loyalty to it.

In contrast, the previous Conservative Government took a completely different view. I know that that was many years ago, but it is worth remembering that 3,500 post offices closed in an age before technological advances made internet banking a way of life. Today, the Tories say that they oppose all closure plans and yet they will not even commit to the current £150 million social subsidy offered by the Government. So when one looks at the small print of their promise, although one sees that they pledge not to shut the 4,000 branches that make a profit, by my reckoning that leaves another 10,000 facing closure.

Given what I have said, it is my belief that the Government have given quite enough to enable the network essentially to be maintained, but it is in that context that I feel that my constituents in Rye have been woefully let down by Post Office management. The first problem concerns the decision early last year to close the Tilling Green post office that served a huge number of local residents. We petitioned, marched and demonstrated, but all to no avail.

For many people in Tilling Green, using the post office was the only way that they could collect their pensions—and, as Sir Fred Goodwin does not live in Rye, those are pensions that we do not mind paying. If the people running post office services believe that the fury of the residents of Rye has subsided following the closure, they are mistaken. The size of my protest file shows that the number of people who remain concerned is just enormous. Of course, the anger might have been assuaged were it not for the debacle that has followed the closure, but the fact remains that the decisions on post office services in Rye were always flawed, and they remain incomprehensible.

The closure of the Tilling Green office left Rye, a town of some 4,000 people that has a rural hinterland with a further 10,000 inhabitants, with only one post office. That is not good enough, and the resultant chaos is evidence of that.

*[Michael Jabez Foster]*

When the wise leave their offices each night, they back up their computers, but Rye post office services have been left without any back up. What has really upset my constituents in Rye is that, on four occasions over the past year, they have had no service at all, sometimes for a day or two at a time. On one occasion, it was claimed that the office had to be closed for reasons of health and safety and, on another, the agent postmaster failed to get up on time. Most recently—and the House may find this hard to believe—the office was closed because of a problem with the lease.

Older residents waiting for their pensions have been unable to gain access and have been told they must return another day—although they were not strictly told, as the post office door was simply closed, with a notice pinned on it. When the office has been open, there have been epic queues, with elderly customers expected to queue for up to 30 minutes. Sally Holloway tells me that, "These days, they say when a relationship ends you have to find closure." Well, Rye residents' relationship with Rye post office is not over—they do not want closure. In fact, they want new openings; that is what we are looking for.

Post Office services are not an optional extra. Things do go wrong. That is why back-ups are necessary. For example, James Black, a local business man whose trade relies on postal services wrote to me asking how on earth businesses reliant on the Post Office for services or banking are supposed to function when certainty of service is undermined.

Let me give two more live examples of what I mean. Pat Salisbury-Ridley wrote to me and said:

"Yet another fiasco at Rye's Main Post Office.

I, along with around 10 others, waited in the rain for the Post Office to open at 8.30. Nothing. Then at 8.40 someone turned up with a key! Apparently the keyholder had decided not to come in and asked one of the counter staff to collect the keys. Unfortunately, the man who picked up the key turned up with only one key! The door needed two keys—so he had to go off again to collect another key! I had to go off to work dripping wet and no pension. The Post Office apparently opened at 10 am.

Surely this makes a strong case for re-opening the Post Office at Tilling Green?"

Mrs. Mary Jenner wrote and said:

"I wrote to you earlier in the year regarding the disgraceful closure of Tilling Green Post Office, which of course, as we all know, happened. How can this be justified, when the main Post Office in Rye has not been open today, and the notice in the window says 'closed until further notice'? My 87-year-old Mother walked to the post office for various reasons, to find doors locked and telling her that the nearest post office was Winchelsea. Someone needs to give a few answers to this appalling state of affairs."

Why do my constituents find themselves in that situation? The problem is that the Post Office plan was flawed from the very beginning, because it failed to take account of the many, not the few. I understand why some far-distant rural offices have been subsidised by thousands of pounds, but we need to recognise that the consequence has been that post offices in semi-urban areas, such as Tilling Green, have been closed, despite the need for only a small subsidy.

Nearly 1,000 people have been inconvenienced, so that a service can be provided for a few score. Nearly 1,000 people who are in the main deprived, disabled and elderly have been sacrificed, so that a few people can maintain their rural outlets, to which most of them drive anyway.

There is a democratic deficit in the decision-making process of the Post Office organisation. The whole system is wrong, and we should never have agreed to it. As a Member of Parliament for the past 12 years, I have become increasingly troubled by the inability of elected representatives to effect the wishes of their constituents and Rye post office has been a prime example of that impotence. In the years to come, we do not want to have to say, "We were only following postal orders," but that is the way that it feels.

The service belongs to the public, not to Post Office Ltd. I have told my right hon. Friend the Minister before and will say again that we as a Government can delegate decisions, but we cannot delegate responsibility, and the anger that remains about the decisions of the Post Office will continue to remain and we will be blamed.

This cloud may yet have a silver lining. In the past few weeks, the Post Office management has said that it has found an alternative site in Rye, within the local Jempsons-Budgens supermarket, that will provide a comprehensive service with disabled facilities and adequate parking. Mr. Stephen Jempson is an experienced postmaster and is apparently prepared to invest £2 million in a new facility, incorporating a new in-store post office. That is great news, and I wish the proposal well, and if it comes to fruition, good—but even if it does, Tilling Green residents will still be disadvantaged, and the town still needs a back-up should anything go wrong.

As a Government we need to recognise the anger and concern of so many people about what some regard as the abdication of decision making to the Post Office. It is not good enough that we are better than the Tories. That is easy. We need to be listening, and people need to listen to those who are elected to tell the story. If we took back control, perhaps listening politicians would make better decisions.

I hope very much that my right hon. Friend will study the Rye case carefully, for at every turn in the past, decisions have been wrong. Simply put, the Rye debacle is a master-class in how not to do things. I hope, even at this stage, that he will ask Post Office services to look yet again at the need for an outlet in Tilling Green and beyond and that we can learn from the mistakes.

10.14 pm

**The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden):** I congratulate my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) on securing this debate on post offices in Rye. I know that he cares passionately about post office services. He is an excellent constituency MP, and he campaigns assiduously on behalf of the people of Hastings and Rye, not only on this issue but across the board.

It is not the first time that we have debated the issue. There was an Adjournment debate just over a year ago about post office services in his constituency. I hope that my hon. Friend would agree that we are in a somewhat different position now. The network change programme has drawn to a close. Post Office Ltd has been awarded the new contract for the card account for pensions and benefits. That will help to secure the

network of around 11,500 branches. As he said, the Government have committed to a subsidy of £150 million a year over the coming years, which means that the Post Office can look forward to a period of greater stability than it has had for some time.

My hon. Friend's concerns, quite fairly, relate to the provision of post office services in his constituency, and Rye in particular. He is particularly concerned about recent events affecting the service at Rye post office. We have corresponded on the subject, and he has had extensive contact with the management of Post Office Ltd on the issue.

Post office services in Rye have certainly been disrupted a number of times in recent months. I appreciate that that has caused concern and frustration to my hon. Friend and, even more importantly, to his constituents. As he will know, there were problems between Post Office Ltd and a former sub-postmaster, which resulted in temporary provision outwith the usual location. Of course, that caused confusion and a degree of frustration to local people, but I believe that Post Office Ltd did what it could to ensure continuity of service. However, I accept that that was not ideal for his constituents, and that a permanent solution has to be found in Rye.

As my hon. Friend has made clear, throughout the period, he has assiduously pursued with Post Office Ltd his concerns about how the issue was handled, and about the continuity of service for his constituents in Rye and in nearby Tilling Green. I do not want to repeat the debate that we had last year about the network change programme and the closures in his constituency, but I want to put it on record that following that debate, and the closures in his constituency, Post Office Ltd picked one of the locations in his constituency to pilot a new service, Post Office Essentials, which is a lower-cost way of providing post office services. Of course, it is early days for that service, but I understand that so far it appears to be working well. We will monitor that model closely to see whether it might be applicable more widely, in other locations.

Let me return to the situation in the post office in Rye. In essence, the Rye post office was run on the same premises by a temporary sub-postmaster on behalf of Post Office Ltd throughout the period in question, until Friday 6 February this year. As a result of rapidly escalating concerns about continued access to the post office premises—my hon. Friend referred to some of those concerns in his speech—Post Office Ltd took the decision to close the office at 3 pm on a Friday afternoon to remove cash and stock and vacate the building. As a result, no post office service was available in Rye on the Saturday morning. However, by the next working day, Monday 9 February, Post Office Ltd had been able to establish an interim post office service in a nearby vacant shop. That interim branch was open for 42 hours a week until more suitable temporary arrangements could be established.

By 21 February, two days earlier than originally scheduled, a three-counter position branch had opened, providing service from 8.30 am to 5.30 pm Monday to Friday and 8.30 am to 1 pm on Saturdays under the management of a new sub-postmaster. More importantly, work was also being done to identify a longer-term solution to post office services in Rye. Subject to local consultation and resolution of a planning issue, it is planned to introduce a new state of the art post office in Rye as part of a £2 million redevelopment of Jempsons-Budgens supermarket.

My hon. Friend spoke with some frustration about the inability to influence events, and I appreciate that it has been a frustrating time for his constituents, but the new post office appears to offer a long-term solution and it is anticipated that it will be completed in about six months. That should provide a good post office service for the people of Rye, which both he and I want.

My hon. Friend has argued for the establishment of a Post Office Essentials service to replace the former post office provision in Tilling Green, akin to the Post Office Essentials service that exists elsewhere in his constituency at Old Town in Hastings. As I said, that is a lower-cost model of delivering core post office services—perhaps not every service, but most of the commonly used services—which is being piloted in both urban and rural areas. I understand that Post Office Ltd has looked carefully at that suggestion but believes that it could adversely impact on the viability of the new post office at Rye, and in particular on the business plans on which the development of the new, improved post office facility is based.

I always tread carefully at this point in Adjournment debates because I am not familiar with the local geography, and obviously my hon. Friend knows his constituency very well. I understand that distance does not tell us everything, and that communities can be distinct, but I am told that Rye post office is little over 0.6 of a mile from Tilling Green and that there is a bus service between the two locations. One of the difficult decisions that Post Office Ltd will have to make when deciding the provision of service is the viability of the existing post office network.

That was the reason behind the National Federation of SubPostmasters' acceptance, albeit with reluctance, of the closures over the past year. It understood that the number of post offices in existence a couple of years ago simply did not have enough work in the face of changing lifestyles and a reduction of custom of some 5 million customers a week to sustain those branches. The viability of existing post offices or, in this case, planned future post offices affects the decision. I hope that the new post office planned for the Jempsons store will provide a long-term solution.

As my hon. Friend said, the Government are in the midst of providing £1.7 billion to support the post office network over 2006-11. We do that because we do not believe that that is a purely commercial network. If it ran as a purely commercial network, instead of 11,500 branches we would probably have closer to 4,000 branches. We will continue to subsidise this socially and economically important network right up until 2011. Although I cannot commit to numbers beyond that, I believe the social value of the post office and the Government's recognition of that will continue beyond that date.

As the network change programme draws to a close, we are able to ensure greater stability for the post office network, with the card account decision having been taken and new Government services such as the savings gateway being available through the post office. There is an appetite to secure new services for the Post Office that may not have been there in the past. Part of that is down to the post office network's reaching out and developing new services; today, in fact, we have been

*[Mr. Pat McFadden]*

discussing an expansion in banking and financial services for the Post Office. That could bring significant new custom to post office branches.

I cannot say yes to my hon. Friend's proposal for Tilling Green. Post Office Ltd has considered it, and it was happy to support the Post Office Essentials service elsewhere in his constituency. I hope that the new provision planned for the Jempsons Budgens store in Rye offers a long-term solution. I understand that there has been a lack of continuity in the services for the constituents of Rye in recent months. We do not, of course, want that to continue; we want a more permanent solution. It seems as if the plans are now in place and I believe that that will make a difference to post office services in his constituency, give local people the continuity of service that they reasonably expect and offer greater satisfaction, for which he has campaigned skilfully and determinedly in recent years.

*Question put and agreed to.*

10.26 pm

*House adjourned.*

# House of Commons

*Wednesday 18 March 2009*

*The House met at half-past Eleven o'clock*

**PRAYERS**

*[Mr. Speaker in the Chair]*

# Oral Answers to Questions

## SCOTLAND

*The Secretary of State was asked—*

**Credit**

1. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What recent assessment he has made of levels of supply and demand for credit to businesses in Scotland. [263298]

**The Secretary of State for Scotland (Mr. Jim Murphy):** I am in regular contact with Scottish banks and businesses on the economy. Since the start of the year, the Government have introduced a range of measures to help to increase liquidity and to ease credit conditions for business.

**Mr. Goodwill:** Following the announcement by RBS-NatWest on 5 February that it will make a further £250 million available for small and medium-sized enterprises in Scotland, the Secretary of State said:

"I shall be talking to other lenders in Scotland over the coming days to encourage them to follow the example being set today."

How many has he persuaded and how much brass have they come up with?

**Mr. Murphy:** I met the chief executive of the Lloyds group last week in Edinburgh, and the hon. Gentleman will be pleased to know that Lloyds has announced the availability of £2 billion under similar terms.

**Mr. Jim Hood** (Lanark and Hamilton, East) (Lab): Does my right hon. Friend agree that the decision of two English local authorities to sue RBS in American courts is welcome? Will he encourage Scottish local authorities that have similar concerns to do the same? Will he assure me that the Government will be as accommodating, if necessary, to any future extradition application from America for RBS bankers as they were in the case of the NatWest three?

**Mr. Murphy:** My hon. Friend will understand why I do not want to comment on any specific impending—or possibly impending—legal process. After centuries of success, the Scottish banks were moments from collapse. Without the intervention of the UK Government and, importantly, the UK taxpayer, the stability that we wish to return to the banks would not be possible. My hon. Friend will understand if I am not tempted to join him in speculating on the other matters that he raised.

**Angus Robertson** (Moray) (SNP): The success of the private and public sectors is inextricably linked in the years ahead as we go through the downturn. What assessment have the Government made of their plans to take £1 billion out of the Scottish economy in cuts?

**Mr. Murphy:** That is tired rhetoric from the Scottish National party. The Scottish Government have more money than ever and, from today onwards, they will have, over the next two years, more than £2.5 billion more. It is the first time in a spending review period that the Scottish Government have £100 billion.

The tiresome obsession with grudge is wearing thin with the people of Scotland. We are in the recession together and we will get out of it together. Scotland is stronger because of the United Kingdom, which is and will remain the most successful union of nations anywhere on the planet.

**Dr. Gavin Strang** (Edinburgh, East) (Lab): Does my right hon. Friend agree that banks are the main source of credit to business? That is why he is right to remind hon. Members of the important intervention that the Government made to stabilise the banking system. Does he agree that all the banks, not least RBS and Lloyds-HBOS, now have an obligation to do all they can to support Scottish business and business generally throughout the UK?

**Mr. Murphy:** I agree with my right hon. Friend, and RBS and the Lloyds group have committed to lending more billions of pounds through the enterprise finance guarantee scheme. Legally binding—that is important—agreements have been made under the asset protection scheme for RBS to lend an additional £25 billion and for Lloyds to lend an additional £14 billion. As he said, it is important for the money to start to flow to Scottish businesses and Scottish mortgage holders so that we can have some return to stability. I think that he appreciates that it was important from October onwards to save the banks from collapse. Our action has helped to ensure that.

**Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): The Secretary of State knows that one of the jewels in the Scottish economy's crown is the exports that have built up on the back of skills learned in the North sea. Does he understand that exploration in the North sea is drying up because of the banks' failure to lend—the new model relies on bank lending? The Government could step in to ease cash flow by paying early the tax relief that they normally pay when production starts, so that the companies get better cash flow to allow them to continue to explore.

**Mr. Murphy:** The hon. Gentleman makes an important point. My right hon. Friend the Secretary of State for Energy and Climate Change and I met representatives of Oil & Gas UK to discuss those specific matters and we will talk to them again. I am happy to raise the concerns of the oil and gas industry in Scotland with the banks—that dialogue will continue. I also agree that the export market is crucial for the Scottish economy as we try to recover. I have the honour next week of leading one of the largest ever business delegations from all sectors of the Scottish economy to China. That is also an important initiative.

**Rosemary McKenna** (Cumbernauld, Kilsyth and Kirkintilloch, East) (Lab): Does my right hon. Friend agree that, although credit is important to business, so is the ability of Scottish business to get involved in emerging markets? For example, Aspen Solutions in Cumbernauld has won a Department for International Development contract to send IT to Sierra Leone to help to build that country's infrastructure. What is he prepared to do to assist other such companies?

**Mr. Murphy:** My hon. Friend is characteristically correct on that matter. I should declare an interest, because I think that Aspen Solutions provides the photocopier for my parliamentary office in East Renfrewshire. For the avoidance of doubt—*[Interruption.]* It is a very busy photocopier, or it certainly will be in the next few months. The point that my hon. Friend makes is entirely right. Small businesses in particular need to be able to access Government procurement and the contracts and portals that are available. In the past, small companies in particular have had to get through too much bureaucracy, which is why it is important that the UK Government and the Scottish Government find new opportunities to enable small businesses to compete for Government work.

**Small Businesses**

2. **Mrs. Anne McGuire** (Stirling) (Lab): When he last met representatives of small businesses in Scotland to discuss their economic situation. [263299]

**The Secretary of State for Scotland (Mr. Jim Murphy):** I have met the Federation of Small Businesses, the Scottish Chambers of Commerce, the Scottish Council for Development and Industry and the CBI Scotland to discuss the economic situation.

**Mrs. McGuire:** The feedback from many of the small businesses in my constituency, many of which are involved in tourism, shows that there is a lack of knowledge at the local bank branch level about accessing Government schemes. In his discussions with Scottish Ministers, will my right hon. Friend emphasise the importance of Scottish Business Gateway and its contractors, and ensure that people understand the Government-backed schemes that are in place and disseminate that information not just to businesses in Stirling, but to small businesses across Scotland?

**Mr. Murphy:** My right hon. Friend raises a point about Stirling and tourism that is specific to her constituency, as she always has done in the House. She is right: we must ensure that the enormous investment in the schemes to support Scottish businesses is accessible and understood, particularly for small businesses. We are trying to encourage businesses to go to the "Real help now" website, where all the information is available. We also need to ensure that the advice through Scottish Enterprise's networks and through UK Government and Scottish Government agencies is readily available, easily understood and deliverable, and we are working very hard on that.

**Mr. Angus MacNeil** (Na h-Eileanan an Iar) (SNP): Small businesses are indeed having to shoulder a big responsibility. According to excellent work by the Scottish Trades Union Congress, at the jobcentre in Stornoway in my constituency, 44 people are chasing each available vacancy, which is the highest rate in Scotland. Will the Secretary of State join the Scottish National party and the parties in Wales in the fight against Westminster's forced £1 billion of cuts that are coming our way? Otherwise, more people will be chasing each vacancy in small businesses and other businesses all over Scotland.

**Mr. Murphy:** In these difficult economic times, the SNP's economic policies are indeed a fantasy; they are beyond all fiction. Scottish families in the hon. Gentleman's constituency and mine—and, indeed, across the whole country—are finding additional ways to tighten their belts. There is only one organisation in Scotland that believes that it cannot make any efficiency savings, and that is the SNP Scottish Government. The Scottish Government have more money than ever before and they should get on with delivering it. Instead of this endless constitutional obsession, we should all be focusing on the economic recovery, not constitutional referendums.

**Mr. Brian H. Donohoe** (Central Ayrshire) (Lab): My right hon. Friend will remember coming to a meeting with small businesses in Ayrshire at which the problems associated with the banks being able to make loans and the extra charges now being imposed were raised. With the Government owning 67 per cent. or thereabouts of some of the banks, surely the Government should be putting more pressure on those same institutions to lend the money and to reduce the charges that are now being faced, so that people can get on with their business and unemployment can be maintained at a low level in Ayrshire.

**Mr. Murphy:** My hon. Friend makes an important point. I enjoyed my visit to Ayrshire with him and my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne). Points were made in that meeting with small businesses about the availability of credit, which is why we have taken the measures that we have. The Royal Bank of Scotland has announced that it will commit £25 billion of additional lending, while the Lloyds group has announced £14 billion of additional lending, as part of the asset protection scheme. That is legally binding, because we need to ensure that Scottish businesses—particularly small businesses, but also businesses across the whole of the UK, not just in Scotland—can access credit and trade again, as part of a future recovery. I look forward to coming to Ayr again to discuss those matters with him and his businesses.

**David Mundell** (Dumfriesshire, Clydesdale and Tweeddale) (Con): I welcome the fact that the Secretary of State has met small business leaders and the First Minister to discuss the economic situation in Scotland. However, I am disappointed that once again post-meeting reports were characterised by the First Minister and the Secretary of State briefing against each other. When will we see the mature relationship between Westminster and Holyrood that we should expect in order to tackle an economic crisis of this scale? Perhaps the Secretary of State can make a start on this new relationship today by embracing the Chancellor's call for humility and collective responsibility and apologising to the people of Scotland for the multitude of economic mistakes that his Government have made.

**Mr. Murphy:** Like every Labour Member, I am always sorry when anyone loses their job, and today we are seeing some very difficult unemployment figures for Scotland and the whole of the UK. As we all know, behind those figures there are real people and real families. I am disappointed, as I am sure many Scottish families will be, that, rather than focusing on the real pressures that real families are experiencing, the hon. Gentleman again chooses to participate in the soap opera of the process of politics. People are interested in solutions, not in his soundbites. It is important that we make progress on this matter, and we will do whatever we can to support the newly unemployed, so that they do not become the long-term unemployed.

**David Mundell:** I am sure that the 1,000 additional people in the dole queues of Scotland this month, and their families, will very be interested to hear the Secretary of State's solutions. In December, he announced that he was putting together a council of economic advisers, who would be named in January. Since then, we have heard nothing. What is the reason for that delay? Is he trying to avoid the mistakes of his predecessor, who used to vaunt the fact that Sir Fred Goodwin represented Scotland in the Chancellor's high-level group on financial services? Does the Secretary of State think that his Government no longer need economic advice, or is it perhaps that nobody wants to be associated with his group?

**Mr. Murphy:** I made no such announcement, then or since. The announcement that I made was about how to get those involved in academia and campaigning together with experts in poverty to ensure that the poorest could see a way through this recession, so that there would not be a generational legacy as a consequence of that, as there was after previous Tory recessions. We will not allow jobcentres to redirect people from unemployment benefit on to incapacity benefit, which is what happened in jobcentres during the previous Tory recession. That policy was wrong, immoral and unforgivable.

**John McFall** (West Dunbartonshire) (Lab/Co-op): When the Treasury Committee visited Edinburgh two weeks ago, we found dismay among small businesses that banks were putting arrangement fees and other private charges on them, rather than interest rates. When the Secretary of State meets representatives of the banks, will he remind them that the Committee is undertaking an inquiry into the banking crisis, and that we will be monitoring their lending agreements, under which transparency and value for money for the taxpayer are going to be the key requirements?

**Mr. Murphy:** On behalf of all hon. Members, I want to put on record the respect that exists across the country for the work that my right hon. Friend and his fellow members of the Treasury Committee do, and will continue to do, on this important issue. After seeing on television the hearings involving his Committee and the bankers, I do not think that the bankers will need me to remind them that he is determined to stay on top of this issue. Now that he has asked me to do so, however, I will of course raise the matter with the banks.

## Banking

3. **Mr. Philip Dunne** (Ludlow) (Con): What recent discussions he has had with representatives of banks on the future of banking in Scotland; and if he will make a statement. [263300]

**The Secretary of State for Scotland (Mr. Jim Murphy):** I am in regular discussions with bank representatives. I am determined that Scotland and the UK can remain world centres for financial services.

**Mr. Dunne:** The Secretary of State has just confirmed that the Royal Bank of Scotland's lending commitment is legally binding. Will he confirm that the astonishingly generous pension settlement of its former chief executive, Sir Fred Goodwin, is also legally binding? Will he therefore apologise for the soundbite from his Cabinet colleague who has postured on this issue but not been prepared to apologise for it?

**Mr. Murphy:** These decisions were taken by the Royal Bank of Scotland's board. I find it distasteful that one individual can be rewarded in such a remarkable way for failure and for the undoubted banking vandalism that has put at risk the well-being of so many families and business in Scotland and across the UK. It is important, as we try to re-stabilise the banking sector, that there should be no reward for failure. We find it extraordinarily distasteful that the Royal Bank of Scotland board made that decision.

**Mr. Tom Clarke** (Coatbridge, Chryston and Bellshill) (Lab): Given the Government's assistance to the banks and my right hon. Friend's discussions with them, particularly those with a Scottish input, is he able to assure us that banks are indeed looking to develop a strategy to provide lending facilities for small businesses and home owners as the Government intended?

**Mr. Murphy:** My right hon. Friend has raised this matter on a number of occasions and he will rightly continue to do so. I happily give him the commitment that we are doing everything we can in that respect. We are also trying to ensure that, where there are specific difficulties in certain business sectors or certain parts of the country, we take additional action. My right hon. Friend, as a Lanarkshire MP, will share my concern that Lanarkshire might be the epicentre of the recession in Scotland. That is why I shall shortly bring together business organisations, politicians, trade unions and others to see if we can find a way through the situation, particularly in Lanarkshire, where a proud and determined people who have come through previous recessions will need additional support now to get through the present recession.

**Mr. Alan Reid** (Argyll and Bute) (LD): Will the Secretary of State support the establishment of a post bank, publicly owned, operating in local communities and taking decisions about granting credit to small businesses based on local knowledge rather than a nationwide formula? I believe that that would give many viable small businesses throughout Scotland access to the credit that the larger banks are denying them.

**Mr. Murphy:** The Government are always looking for additional ways to support small businesses in communities, and we particularly like to support the community and voluntary sectors and social enterprises. I would be happy to discuss that with the hon. Gentleman. It is important, however, to focus on some of the community facilities and support that are already in place, particularly for families rather than for businesses. I believe that we should all celebrate the remarkable success and important role of credit unions throughout Scotland. They will play an important part in the recession.

**Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): Thousands of my constituents work in the banks and financial services sector, and the vast majority certainly do not receive big bonuses and multi-million-pound pensions. Some are losing their jobs and many more are worried about their future. Does my right hon. Friend agree that Government at all levels—UK, Scottish and local—should work together to find a long-term strategy to get out of a common situation? What is he doing to get such a strategy agreed among all the players in the field?

**Mr. Murphy:** My hon. Friend raises an important point, which I know is particularly relevant in his constituency, as it includes a large number of financial services sector workers. What has happened has, unfortunately, led to the portrayal of all those in the banking sector as greedy and in receipt of enormous bonuses. As he knows and as we all know, a large number of people working in banks in the back office or as bank tellers, for example, are on very average wages and they work very hard. Some of them may have had share options, which are now more difficult. It is important that we stop demonising all bank workers simply because of the irresponsible behaviour of a tiny minority of those who previously had leading and well paid positions in these organisations.

**Mr. Alistair Carmichael** (Orkney and Shetland) (LD): Does the Secretary of State agree that today's publication of Adair Turner's proposals for a new regulatory system for the banking sector is an illustration of the extent to which the previous regulatory system put in place by the Prime Minister failed? What does he say today to the thousands of Scots who face losing their jobs in the financial sector as a consequence of the Prime Minister's previous failure?

**Mr. Murphy:** The fact is that the international regulatory regime did not keep pace with a remarkable change in the global movement of finance—a fact now well acknowledged across the world. That is why we need, as part of the G20 process, a new architecture for regulation. Banking will never be and should never be the same again. As for the hon. Gentleman's point on unemployment, we will do everything we possibly can to ameliorate the consequences of this international recession. Many Scottish families have people who have lost their jobs over the past few weeks, as has been confirmed today. As I say, we will do everything we possibly can to stop the newly unemployed becoming the long-term unemployed by giving people additional skills and retraining in order to retain their confidence and an attachment to the labour market. Of course things are more difficult. Not everyone can walk straight into a job, but we should not ignore anyone, and we should try to support people to keep their skills and confidence fresh.

## Unemployment (East Lothian)

4. **Anne Moffat** (East Lothian) (Lab): What assessment he has made of the level of support to long-term and recently unemployed people in East Lothian constituency. [263301]

**The Parliamentary Under-Secretary of State for Scotland (Ann McKechin):** We are giving people across Scotland real help now by offering greater support to help them to move back into employment. We have invested £1.3 billion in Jobcentre Plus services to ensure that those looking for work receive individual support, and an additional £0.5 billion to guarantee more help for people who are unemployed for six months or more.

**Anne Moffat:** I am sure that the whole House will now want to hear my supplementary question.

We currently have quite a good level of employment in East Lothian—over 80 per cent.—but I am concerned about the possibility that unemployment will rise both in East Lothian and in Scotland more widely. The position could be greatly improved if the banks adopted measures allowing them to enable small businesses to recover by lending them money. Constituent after constituent has said to me recently that they will have to make people unemployed because the banks will not lend to them. The arrogance of the banks beggars belief.

**Ann McKechin:** My hon. Friend has raised an important point to which the Secretary of State has already referred this morning: the need for banks to start lending in order to enable businesses to survive and to invest. We have introduced the necessary measures to make that possible. I am sure that she welcomed the recent announcement by the Royal Bank of Scotland of the provision of additional funds focused particularly on small and medium-sized enterprises, many of which are based in her constituency.

It is important to note that the United Kingdom still has the second lowest unemployment in the G7 area, but we are not complacent. That is why, from April, we will be providing additional help for those who are unemployed for more than six months, in the form of a £1,000 recruitment subsidy. *[Interruption.]*

**Mr. Speaker:** Order. There is too much noise in the Chamber.

**Mr. David Hamilton** (Midlothian) (Lab): My constituency is next to East Lothian, and it is in the same position. The problem is not just unemployment, but the fact that companies are reorganising themselves. Would my hon. Friend and my right hon. Friend the Secretary of State consider bringing the banks to Dover House, so that Members of Parliament can have a discussion with them, and put our cases to them? Why are the banks still not lending to companies that are reorganising themselves to try to get through their present difficulties?

**Ann McKechin:** I should be more than happy to speak to any of my colleagues about constituency issues, and about how we can help Members to ensure that local banks respond to the needs of companies in their areas. I welcome the fact that East Lothian council recently joined a local employment partnership, enabling us to work with employers in trying to deal with some of the problems.

**Scottish Parliament (Financial Powers)**

5. **John Mason** (Glasgow, East) (SNP): What recent discussions he has had with the Chancellor of the Exchequer on financial powers for the Scottish Parliament. [263302]

**The Secretary of State for Scotland (Mr. Jim Murphy):** I have regular discussions with my right hon. Friend the Chancellor. Sir Kenneth Calman's commission on Scottish devolution is supported by business and trade union leaders, and by the Labour, Conservative and Liberal Democrat parties.

**John Mason:** Does the Secretary of State agree that it is useful for Governments to be able to borrow at a time of recession—*[Interruption.]*

**Mr. Speaker:** Order. An hon. Member is addressing the House. The Chamber is far too noisy.

**John Mason:** Does the Secretary of State agree that at a time of recession it is important for Governments to be able to borrow, and that the Scottish Government should have the power to borrow?

**Mr. Murphy:** The Scottish Government have more money than ever before. The current Scottish Government have more than double the budget that the late Donald Dewar had when he was First Minister. I think it important for politicians in all parties in Scotland to find additional ways of working together through the recession. We are in it together, and we will get out of it together.

I appeal again to the Scottish National party to stop putting its obsession with the constitution before the priorities of our country, which are to do with economic recovery. Scotland will never forgive any political party that puts its interests before those of our country.

**Mr. Adam Ingram** (East Kilbride, Strathaven and Lesmahagow) (Lab): Is my right hon. Friend aware that although financial powers are important, they will take some time to produce any change, if change is coming? What we need now is action. Unemployment in Lanarkshire is higher than it is in any other region, and Lanarkshire also has the fewest job vacancies. I welcome all the initiatives that my right hon. Friend is taking there—unlike the one-trick pony who is First Minister in the SNP Administration in Scotland, who is interested only in division and in rubbing Scotland out of the United Kingdom.

**Mr. Murphy:** My right hon. Friend campaigns tirelessly for the people and businesses of Lanarkshire, which has a proud industrial heritage, not least in mining and of course the steelworks. The people of Lanarkshire have shown their determination and resolution to rise from previous recessions. Working with him and other fellow Members, and businesses and trade unions, we are determined to do everything possible to make sure that Lanarkshire is not the epicentre of this recession in Scotland.

**PRIME MINISTER**

*The Prime Minister was asked—*

**Engagements**

Q1. [264127] **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): If he will list his official engagements for Wednesday 18 March.

**The Prime Minister (Mr. Gordon Brown):** Before listing my engagements, I am sure the whole House will wish to join me in expressing our deepest condolences to the family and friends of those killed on operations in Afghanistan over the last week. They were Corporal Dean John, Corporal Graeme Stiff and Lance Corporal Christopher Harkett. They, and all those who have lost their lives in conflict, deserve our profound gratitude for their service not just to our country, but to the peace of the world. Their courage and sacrifice will never be forgotten.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

**Jim Sheridan:** I am sure that everyone in the House will wish to associate themselves with the Prime Minister's comments.

Today's unemployment figures are extremely disappointing and, as a former shipyard worker who experienced the indignity of three years' unemployment in the early 1980s, I can well understand the frustration and anger that unemployment brings. May I ask my right hon. Friend not to abandon the unemployed and to make sure that the Government continue to invest in the skills and training needed to help us through these difficult times?

**The Prime Minister:** I am grateful to my hon. Friend. Any person who loses their job or is in fear of losing their job is a matter of personal regret for me and the whole Government. I do not regard unemployment as a statistic; I regard it as one person, a second person and a third person who needs our help. That is why we will do everything we can to help people get back into work: that is why we have announced more apprentices; that is why we have announced more help with training; that is why we have announced that from April there will be help for those who have been unemployed for six months; and that is why we have put £1.3 billion into the jobcentres—money that is necessary, so that we can help hundreds of thousands of people in the next few months get back into work.

**Mr. David Cameron** (Witney) (Con): I join the Prime Minister in paying tribute to Corporal Dean John, Corporal Graeme Stiff and Lance Corporal Christopher Harkett. The fact that more than 150 of our servicemen and women have been killed in Afghanistan is a reminder, once again, of the huge sacrifices our armed forces are making on our behalf. We praise their bravery, we honour their memory and we must look after their families.

Today, as has been said, unemployment has risen to more than 2 million people. The increase in the claimant count is the sharpest since records began. Does this not reveal that the claims repeatedly made by the Prime Minister that Britain is one of the best-placed countries in the world to withstand recession were simply nonsense?

**The Prime Minister:** I came into politics, and I stood for Parliament, because I wanted to help tackle unemployment and poverty, and that is why we are announcing the most comprehensive programme to help the unemployed. But I have to tell the right hon. Gentleman that unemployment is higher in France, in Germany, in Japan and in America. It is higher in most of the other countries we deal with, but we are taking urgent action to help those people in Britain who are unemployed. We are spending £1.3 billion helping our jobcentres and helping people into work. The Conservatives would not spend that money. I ask him why he would not help us deal with the problem of unemployment.

**Mr. Cameron:** I have to say to the Prime Minister that Members in every part of this House will contrast what he said with the fact that 144 of our further education colleges—the exact organisations we need to retrain people who are unemployed—are having their building projects halted. There is this enormous gulf between what he says every week and what his Government are actually doing. Let me return to the question. People will simply not understand why the Prime Minister is so incapable of ever admitting that he got anything wrong. It is not just the unemployment figures today; the International Monetary Fund has said that the recession will be deeper and longer in Britain than in many other countries, and that Britain will be the only major economy in the world that will be in recession next year. So let me ask him again: was it not wrong to claim that Britain was one of the best-placed countries in the world to withstand recession? Admit it.

**The Prime Minister:** No, because the fact is that America entered recession more than a year and three months ago and the euro area entered recession in April last year, whereas we entered recession in July. We stopped ourselves going into recession for months after what had happened in America, and the action that we are taking now is designed to get us through it as quickly as possible.

Let me correct the right hon. Gentleman on FE colleges—we are going to spend £110 million this year investing in them. Let me correct him on public expenditure— we are investing £44 billion this year, in health, in education and in other capital investment projects to help us through this downturn. Let me correct him again on unemployment. Unemployment is far higher in America, in France, in Germany and in the euro area. I know that is of little comfort to people in this country, which is why we are doing everything we can to help them.

**Mr. Cameron:** Let me correct—[HON. MEMBERS: "More."] Yes, there is plenty more. Let me correct the Prime Minister on the figures that he has just given to the House of Commons. He says that the recession started in July, but the economy stopped growing in April last year; we have been in recession for almost a year. *[Interruption.]* Yes, let me correct him on the further education colleges. He should come to my constituency of Witney, where people are in temporary classrooms because the whole building project has had to be abandoned because of his incompetent Government.

The entire country will see that the Prime Minister is in denial about the length and the depth of the recession. He likes to talk about the schemes that he has announced, so let us have a look at them. Can he confirm that not a single unemployed person has been helped by the recruitment subsidies that we called for in November and that he announced in January? Can he confirm that not a single home owner has been helped by the home owners mortgage support scheme that he announced in December? Is it not the case that those two specific schemes simply are not operating?

**The Prime Minister:** First of all, the right hon. Gentleman is wrong about the start date of the recession. Secondly, he is wrong about further education, because £110 million will be spent on it this year. Thirdly, he says that we are not doing anything, so I should tell him that in the last recession there was no help available for the unemployed, but we are spending £1.3 billion to help people get into work. Let us just go through the things that we are doing: 300,000 people used to be helped under Train to Gain and that will rise to 1 million; we have raised the levels of mortgage support, so that people can stay in their homes even when they lose their jobs; and, as the Secretary of State for Work and Pensions announced, in April—next month—programmes will come in that will help people who have been unemployed for six months. That was the date we set. The problem is that the right hon. Gentleman asks us to do more, but he is the only Opposition leader in history who is asking us to do more when saying he will spend less—it just does not add up.

**Mr. Cameron:** We have just had the view from the bunker, where all these schemes are operating and where everything has been implemented, but the fact is that, on the ground, these things are not happening. We get a lecture in competence from a Government who are so incompetent that they could not even stop Fred Goodwin, or, sorry, I should say Sir Fred Goodwin—the Prime Minister knighted him for his services to the banking industry—walking off with a pension that is worth £60,000 a month. The lack of action applies not just to the housing scheme and the job scheme, because the asset-backed securities scheme is not up and running, and the working capital scheme is not working properly. Is that not why the CBI said that this Government have a total lack of a "coherent strategy"? Is that not why Shelter says that people facing repossession have been given "false hope"? Does the Prime Minister regret giving those people false hope?

**The Prime Minister:** That is not what we have done. We have negotiated with the building societies and banks a six-month moratorium for people who are faced with mortgage repossession. We have sent new orders to our courts that lenders cannot, as a first resort, go for repossession; they have to go through all the proper processes before they even consider that. We are helping unemployed people with their mortgages at a level that has not been done before, and next month we will bring in the protection scheme, under which we are insuring the banks and building societies against

loss so that people can phase their mortgages over a longer period of time. The problem that the right hon. Gentleman has got is that everything he proposes, he will not fund. On Monday, he said there would be more cuts in public expenditure—already he has refused to support the £1.3 billion that we are spending to help the jobcentres and to help people who are unemployed. It is simply not credible to come to this House and say that he is urging us to do something when he would pay for absolutely nothing.

**Mr. Cameron:** I do not know why the Prime Minister does not listen to his Employment Minister, who had the courage to leave the bunker for a moment this morning and say that

"there is a frustration about these schemes and the money and the credit getting through."

If the Prime Minister had listened to us, he would have introduced a national loan guarantee scheme back in November, and it would have been operating for five months. Should not he also listen to the German Chancellor, Angela Merkel, who stood with him in Downing street and said—*[Interruption.]* The hon. Member for Bolsover (Mr. Skinner) should be quiet. I know that he wanted miners to join the Government: well, now he has got one—Lord Myners—*[Interruption.]*

**Mr. Speaker:** Order. Miss Snelgrove, I have told you before. It is not the done thing to shout in the Chamber. You should not be doing that. Perhaps you need a wee tablet from the doctor.

**Mr. Cameron:** They all want Lord Myners to negotiate their retirement packages: call an election and we can arrange that.

Back to the German Chancellor, who said that

"if we want to make real impact, you really must implement the package first before you talk about the next step".

Is not that right? Are not this Government just running round, like headless chickens, with initiative after initiative that never gets implemented? Is not that combination of ineffectiveness and hyperactivity the worst combination of all?

**The Prime Minister:** The right hon. Gentleman opposed the German fiscal expansion. He has opposed every fiscal expansion—in the US, in Germany and in France. He is out on a limb in opposing public expenditure rising in the downturn: he wants to cut it, and he wants to cut it now.

On the right hon. Gentleman's great £50 billion scheme, the shadow Chancellor said that it

"does not add to public expenditure."—[*Official Report*, 18 December 2008; Vol. 485, c. 1228.]

However, the shadow shadow Chancellor has said that

"the taxpayer will take some of the hit."

The Conservatives do not know whether the scheme that they are proposing will cost money or not cost money: that is how bereft they are of ideas for the economy.

The Leader of the Opposition does not understand that this is an unprecedented global banking crisis. Unprecedented means without precedent. Global means that it affects the whole of the world. The sooner that he wakes up to the fact that we need global action to deal with it, the better for our country.

**Mr. Cameron:** I am glad that the Prime Minister is back to reading out quotations, because we now know how long a pledge from him lasts. Yesterday, he said in *The Guardian*:

"I personally have always said that modern politics, with its focus on who said what, when, how and why, is far too divisive for the problems that a country's got to meet".

What a complete phoney! *[Interruption.]*

**Mr. Speaker:** Order. Let me chair the proceedings. That remark should be withdrawn—*[Interruption.]* Order. I will do the talking. It should be properly withdrawn.

**Mr. Cameron:** I am happy to withdraw that remark.

The Prime Minister mentioned the Germans. Of course, they went into the recession with a surplus, not a deficit. That is why the German Finance Minister said that the VAT cut, which we opposed, will build up debt that will take a generation to pay off.

Let us be clear about what has happened today. This Government have announced the biggest rise in the dole queue since records began. That is a rise faster than under any Conservative Government or any previous Labour Government. Is it not the case that the Prime Minister has led us to this point without a hint of an apology, and the British people will never forget it?

**The Prime Minister:** First of all, quoting German Finance Ministers in the week when the Conservatives are walking away from the mainstream of European politics is absolutely absurd. Secondly, we are prepared to spend money to help the unemployed; we are not going to walk by on the other side, we are going to help them. However, when it comes to the Conservatives' main proposal for spending money, let us be absolutely clear that we are spending money to help the unemployed whereas the Conservatives' first priority is an inheritance tax cut for the 3,000 top estates in the country.

What further indication do we need of Conservative priorities than the fact that the motion for today's debate on the economy does not even mention the word "unemployment"? That is how they feel. They are the party of the few; we are the party of the many.

**Mr. Fraser Kemp** (Houghton and Washington, East) (Lab): Six months ago today, a constituent of mine, Claire Walker, died of cervical cancer. She was 23 years of age. Will the Prime Minister join me and Claire's family, friends and supporters who are campaigning in London today in wholeheartedly welcoming last Friday's announcement that there will be a full, independent and comprehensive review to consider the urgent case for the reintroduction of cervical cancer screening for young women under 25?

**The Prime Minister:** I appreciate everything that my hon. Friend said. Any family that is suffering because of cervical cancer—or, indeed, because of any form of cancer—has all our sympathies. We want to do everything we can to help, which is why we have introduced the vaccinations for teenagers—we have extended that programme and are ready to extend it further—and why the independent review that he mentioned will consider the case for making cervical cancer screening available to women under 25. It is our responsibility to look at all the available medical evidence about the risks as well as about the advantages of such screening. That will be done and I assure him that we take seriously the needs of anyone who is facing cancer at this time.

**Mr. Nick Clegg** (Sheffield, Hallam) (LD): I would like to add my own expressions of sympathy and condolence to the family and friends of the three soldiers who tragically lost their lives in Afghanistan in the last week. With the death toll among our brave servicemen and women now at more than 150, it is right that we should pause to reflect on the immense sacrifice that they and their families have had to endure in serving this country and, of course, the people of Afghanistan.

Does the Prime Minister believe that the culture of frenzied target setting that has been introduced into the NHS by his Government had any role to play whatsoever in the horrific events that occurred at Stafford general hospital?

**The Prime Minister:** May I and the Health Secretary first say that we apologise to those people who have suffered as a result of the mistakes that have been made at Stafford hospital? Everybody who uses the national health service has a right, if they put their faith in the NHS at that hospital, to expect the highest standards of treatment. These were not the highest standards of treatment. They have now been investigated, and they fell far short of the standards that people expect. The first thing that we have to do is to assure the families of those who have suffered and relatives who are grieving and who want answers to their questions that there will be independent reviews, if they seek them, of their families' case notes so that they can be assured of what has happened. That is the first thing that we will do.

The second thing that we have to look at is whether this is a generic problem or a problem at a specific hospital. I am assured by the Healthcare Commission—the chief executive has made a statement today—that there is no equivalent case in all the other NHS hospitals across the country. We should therefore focus on the individual mistakes that were made by management and deal with them. A further inquiry is going on to look at what happened between 2003 and 2005. At the same time, the Care Quality Commission is looking into what lessons we can learn in general from what happened.

**Mr. Clegg:** When doctors at that hospital have confirmed that they were instructed by their managers to abandon seriously ill patients and to treat people with minor ailments instead in order to meet the Prime Minister's targets, it is not enough to talk of reviews, inquiries and to blame other people. Will he scrap the mad targets that make hospitals tick boxes rather than look after the desperately ill?

**The Prime Minister:** Whatever happened in that hospital is unacceptable and should never be allowed to happen again. I too have looked at all the detail of the evidence in this report, which also says that nursing care standards were poor but that they were never discussed or identified as being poor, that results of patient surveys were available but were never reported to the board of management, and that, at the time of the C. difficile infection, nobody on the board or among the general public ever knew that the rate of infection had doubled. Those low standards of management in the hospital, therefore, must be dealt with by our review.

I take seriously everything that has come out of this case, but I think that it is not unreasonable in the modern age to expect a hospital to have the highest standards of care and at the same time ensure that every cancer patient is seen within two weeks. It is not unreasonable to say that hospitals should have the highest standards of care and ensure that there is a wait of only 18 weeks between a person seeing a doctor and getting an operation. It is not unreasonable to say that the highest standards of care should be pursued in accident and emergency departments and that people should not have to wait for hours before they get treatment.

We will look at all the evidence that is available. The Care Quality Commission will look at it too, but I think that we have to deal with the individual management failures in the hospital and then learn whatever lessons we can for the future of the national health service.

**Mr. David Kidney** (Stafford) (Lab): After these damaging revelations about Stafford hospital, there are relatives today in turmoil, wanting to know whether their loved ones' deaths could have been prevented. I want to press the Prime Minister on what he has just said about reviews. I say that those relatives are entitled to an independent assessment to answer that question for them. Does he agree with that?

**The Prime Minister:** There are no excuses for what happened in Stafford hospital—no excuses at all. That is why every single relative who asks for it has a right to have the case notes reviewed independently, and to see the notes themselves. That is what will happen. Relatives will have a right, therefore, to take whatever action is necessary as a result of seeing the papers before them.

At the same time, Mr. George Alberti, who is recognised as being a very pre-eminent surgeon, is going to go to the hospital to look at the progress that has been made, and which has been reported by the Healthcare Commission already. He will ensure that, in future, patients at Stafford hospital have the assurance of the highest standards. The chief executive and the chairman of the trust have been removed. There is a new chief executive who will look at disciplinary procedures wherever they are necessary. We have got to do everything to assure people that they can have the trust that we know that everybody wants to have in the national health service and in every hospital in the country.

Q2. [264128] **Annette Brooke** (Mid-Dorset and North Poole) (LD): Is the Prime Minister still committed to robustly protecting the green belt? If so, will the Government scrap the south-west regional spatial strategy and allow local communities to develop plans to address local housing need and protect precious open spaces?

**The Prime Minister:** If the hon. Lady wants to talk about the future of the regions, I hope that she will join the regional Committees in the House of Commons to debate that. As for the green belt, I think that we are doing more than any Government to protect it, and that is what we will continue to do.

**Derek Twigg** (Halton) (Lab): The proposed Mersey gateway bridge will help ease traffic congestion in my constituency and in the constituency of my hon. Friend the Member for Weaver Vale (Mr. Hall). The previous Tory Government turned down the project, which will

also create more than 4,000 jobs in Cheshire and Merseyside. Will my right hon. Friend do all he can to ensure that there is no delay in the final decision approval, as this is exactly the sort of infrastructure project that will help economic recovery?

**The Prime Minister:** Yes. My hon. Friend has been working very hard and representing the case of his constituents on this matter, and I can assure him that we will look very carefully at what he says. I can tell him that we plan to advance public spending in the year that is coming. We plan to spend £44 billion in the year from April, and that will add to the number of jobs in every constituency.

Q3. [264129] **Mr. Adrian Sanders** (Torbay) (LD): It was announced today that another 800 jobs have been lost in the south Devon area. That will put more pressure on South Devon college, which helps to train people and get them back into work. Will the Prime Minister look urgently at the funding blockages that are preventing that outstanding college from expanding and helping some of the people who are losing their jobs?

**The Prime Minister:** I am grateful to the hon. Gentleman for that question, and I will look at the matter. I repeat that the investment that is to take place in further education colleges—it is a capital programme—will be £110 million this year. I can also say to him that the Train to Gain programme, in which colleges are often involved, is expanding from 300,000 people to 700,000 and then a million people, so more people will be able to take courses that will give them the necessary skills. Of course I will look at the specific issue in his constituency that he has raised.

Q4. [264130] **Mr. Jim Devine** (Livingston) (Lab): As my right hon. Friend is aware, a prisoner recently released from Guantanamo Bay has been making very serious allegations about torture. Can he assure me and the rest of the House that the claims will be fully investigated?

**The Prime Minister:** I have placed a written ministerial statement in the Library this morning, and I want to update the House about what the Government are doing, so that we can deal unequivocally with the issue of our condemnation of the use of torture. We will now publish, after consultation with the Intelligence and Security Committee, the guidance to intelligence officers and service personnel on detention, and on interviews of detainees overseas. We will invite Sir Peter Gibson, who is a former Lord Justice and the current intelligence services commissioner, to monitor complaints to do with the guidance, and to report to me annually. In order to have systems that are robust, we will as

**Hon. Members:** This is a statement.

**Mr. Speaker:** Order. Let the Prime Minister speak. *[Interruption.]* Let the Prime Minister speak.

**The Prime Minister:** In order to ensure that our systems are robust, we will ask the Intelligence and Security Committee to consider any developments and relevant information since its last report. [HON. MEMBERS: "This is a statement."] I have faith in our security services. We must ensure that the public also have all the faith that is necessary in our security services, and we condemn absolutely the use of torture.

**Mr. Speaker:** Order. I hear shouting. If anyone feels that there should be a statement, they should ask for an urgent question; that is the way to do it.

**Mr. William Cash** (Stone) (Con): What the Prime Minister just said about the hospital in Stafford simply is not enough. We do need a review of the case notes, but we do not just want a Care Quality Commission review. What we need is a full public inquiry to get to the bottom of the matter. It is not enough simply to deal with the issue in the way he described. We need to know whether compensation will be payable to the victims, and we need to ensure that the people responsible who are still on the board are sacked, and not simply suspended on pay.

**The Prime Minister:** I know that the hon. Gentleman's constituency is covered by the hospital as well, so let me reply to him in some detail. All disciplinary matters are being dealt with at the moment by the new chief executive, who is looking at what has happened in the hospital over these last few years in the light of the Healthcare Commission report. A Healthcare Commission report will be followed up by a review into what happened between 2003 and 2006, and an inquiry by George Alberti about whether the standards that have been raised are actually satisfactory for people in the area. At the same time, the Care Quality Commission will look at the standards of health care overall, and look at whether there is an early warning system that could be better in future for dealing with such problems. Individuals, of course, can bring what cases they wish, but I think that they will welcome the fact that the individual case notes are to be made available to them, and are to be reviewed independently.

Q5. [264131] **Dr. Hywel Francis** (Aberavon) (Lab): May I add my condolences to the families of all the servicemen who have died recently in Afghanistan, including Corporal Dean John of Port Talbot in my constituency? Dean was a member of a well-respected service family.

Many of our 6 million carers in this country have benefited significantly from the Government's new national carers strategy, and we should welcome that. However, the carer's allowance has not been improved. Will my right hon. Friend the Prime Minister agree to meet carers' organisations, and the all-party carers group, to discuss ways of improving carers' benefits, as recommended by the Work and Pensions Committee report last year?

**The Prime Minister:** The 6 million carers in our society are at the heart of the help that is necessary for people who are in need of assistance and care, and we want to do everything that we possibly can to help them. I will happily meet the delegation that my hon. Friend suggests I meet. As he knows, the national carers strategy made proposals about respite care, about training for carers, and about pensions for carers. We are also looking at the allowances that are available for carers. We want to do whatever we can to help that group of people who give their lives to help people who are in difficulty and in need. I look forward to meeting the carers' organisations.

Q6. [264132] **Mr. James Arbuthnot** (North-East Hampshire) (Con): On Saturday my right hon. Friend the Member for North-West Hampshire (Sir George Young), my hon. Friend the Member for Basingstoke (Mrs. Miller) and I visited Basingstoke and North Hampshire hospital to see an out-of-hours medical service provided by local GPs. It is a fantastic success story called Hantsdoc. It has been rated the best health provider in Hampshire, it has nearly 100 per cent. customer satisfaction, and it is locally run and locally devised. Is this not a better model than the top-down, target-driven, Whitehall-imposed approach that seems to be, sadly, less successful elsewhere in the NHS?

**The Prime Minister:** It does not seem to me incompatible to have locally run health services that are of the high standard that the right hon. Gentleman has asked for and seen in his constituency, and which I have seen in many hospitals and GP-led centres in the country, and to have minimum targets which are objectives that are set and can be met for the country as a whole. I come back to this: do we want to get rid of the objective and, indeed, the guarantee that within two weeks someone suffering from cancer can be seen by a clinician? Do we really want to go backwards on that? Surely that must be a national objective which all people can support.

Q8. [264134] **Meg Munn** (Sheffield, Heeley) (Lab/Co-op): Many British children on the island of St. Helena are living with only one parent or without both parents, as adults of working age have to leave the island to find work elsewhere. The decision this week to put off a decision on the airport has dismayed them. Will my right hon. Friend commit to an early decision and give those families some hope that they can live together again?

**The Prime Minister:** I know that my hon. Friend held a debate on the matter in Westminster Hall. It is important to say that we have set up a consultation on options for access to St. Helena. That consultation will report, and then we will make the right decision.

## Mid Staffordshire NHS Foundation Trust

12.32 pm

**The Secretary of State for Health (Alan Johnson):** With permission, Mr. Speaker, I wish to make a statement about Stafford hospital, following the Healthcare Commission's investigation published yesterday.

The report details astonishing failures at every level, and shows that for patients admitted for emergency care at Stafford, there were deficiencies at every stage. The Healthcare Commission found disorganisation, delays in assessment and pain relief, poor recording of important information, symptoms and requests for help ignored, poor communication with families and patients, and severe failings in the way the trust board conducted its business. While the management was obsessed with achieving foundation trust status, the wards were understaffed and patient care seriously compromised.

The report cites incidents of patients left without food or drink for days because operations were delayed, of nurses who had not been properly trained to use basic, lifesaving equipment, and of patients admitted to A and E being triaged by receptionists. It notes that there was a dangerous lack of experienced staff, observation and monitoring of patients was poor, essential equipment often was not working, and there were no systems in place to spot where things were going wrong in order to make improvements. In short, it is a catalogue of individual and systemic failings that have no place in any NHS hospital, but which were allowed to happen by a board that steadfastly refused to acknowledge the serious concerns about the poor standard of care raised by patients and staff.

**Mrs. Jacqui Lait** (Beckenham) (Con) *rose—*

**Alan Johnson:** I apologise on behalf of the Government and the NHS for the pain and anguish caused to so many patients and their families by the appalling standards of care at Stafford hospital, and for the failures highlighted in the report.

In the course of my statement I will set out the actions that we will take in response to the report, but I want to begin by summarising the events that led to the Healthcare Commission's investigation. The Commission became aware of high mortality rates for specific conditions or operations at the trust during the summer of 2007 through its routine analysis and a statistic known as hospital standardised mortality ratios, more commonly called SMRs, produced by the Dr. Foster research unit, based at Imperial college.

Whenever the Healthcare Commission is alerted to unusually high mortality rates, it initially asks the trust to provide further information to explain such anomalies. High standardised mortality ratios are not necessarily an indicator of poor clinical performance and nor do they signify that there have been avoidable deaths, but they do act as a screening tool to identify the need for investigation. Further analysis showed that there were consistently high mortality rates for patients admitted as emergencies going back over several years.

The trust repeatedly dismissed the significance of these statistics, saying that they could be explained by the problem it was having with the recording of data. The accuracy of information coding—that is, the system for cataloguing types of surgical and other interventions—had historically been poor in the trust, and the internal group that the trust itself had set up to consider high mortality rates assumed that they could be explained by coding errors.

The Healthcare Commission refused to accept this explanation and launched a full-scale investigation in March 2008. In May of that year, following its first visit, the commission asked to see the chief executive and set out its immediate concerns about the poor patient care and inadequate staffing levels that it had observed. Since then, there has been gradual improvement. The Healthcare Commission states in its report that

"the Trust deserves credit for progress on infection control and for responding positively to the concerns of the Commission."

On an unannounced visit in February to the accident and emergency department, the Healthcare Commission noted significant improvements. Its visit raised no immediate concerns about the safety of patients admitted to the accident and emergency department.

However, the failures are stark and they occurred over a substantial period of time. Patients will want to be absolutely certain that the quality of care at Stafford hospital has been radically transformed and, in particular, that the urgent and emergency care is administered safely. I have today, jointly with Monitor, asked Professor George Alberti, the eminent physician and national clinical director for urgent and emergency care, to lead an independent review of the trust's procedures for emergency admissions and treatment and its progress against the recommendations in the report. He will report in five weeks' time and his findings will be published to the House.

The Healthcare Commission has told me that it is confident that Stafford hospital is an isolated case, and that having looked at other trusts with similarly high standardised mortality ratios, it is reassured that a similar succession of serious lapses in care has not occurred elsewhere.

The National Quality Board has been set up to look at how organisations work effectively together in patients' best interests. It is composed of representatives of the royal colleges, patient groups, regulatory bodies and clinical experts. I have asked the board to look at how we can ensure that any early signs that something is going wrong are picked up immediately, that the right organisations are alerted and that action is taken quickly.

The public and the House will want to know how the problems at Mid Staffordshire could have remained undetected for so long. One of the reasons the Healthcare Commission began its investigation was that after having been initially alerted to the problem in the trust, it became clear that there had been serious failings for some time. The Healthcare Commission's report raises serious concerns about why the primary care trusts and the strategic health authority either failed to spot the problems at the trust or, having spotted them, failed to act.

I have asked Dr David Colin-Thomé, the national clinical director for primary care, to review the circumstances surrounding the Mid Staffordshire NHS Foundation Trust prior to the Healthcare Commission's investigation to learn lessons about how the primary care trusts and the strategic health authority, within the commissioning and performance management systems that they operate,

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failed to expose what was happening in this hospital. His recommendations will focus on what commissioners across England—GPs and PCTs—can learn from this case to be sure they are advocating effectively on patients' behalf.

Our principal concern today must be to reassure the families and friends of patients who have died at Stafford hospital that they will be able to ascertain whether any of the failings detailed in the Healthcare Commission's report contributed in any way to the death of their loved ones. As the Healthcare Commission has said, it is not possible to determine conclusively from any set of statistics whether there were any avoidable deaths owing to poor standards of care—that can be done only through a case notes review. I can confirm that the new leadership of the trust will respond to every request from those relatives and carry out an independent review of case notes to determine whether or not the care that they or their loved ones received was appropriate.

The failings at Stafford hospital are inexcusable. I hope that we can close this chapter in the hospital's history by acknowledging and addressing past failings and by ensuring that lessons are learned by government and the NHS at all levels to make sure that these terrible failures are never allowed to happen again.

**Mr. Andrew Lansley** (South Cambridgeshire) (Con): The House will be grateful to the Secretary of State for his statement and will share with him the apology that he expressed on behalf of the Government and the NHS to all the families and patients adversely affected by the events at Stafford hospital.

We were all shocked and appalled at the failings in patient care at the hospital. There was a systematic failure in respect of patients receiving emergency care. Triage was done by unqualified receptionists; treatment was carried out by too few, too poorly trained doctors and nurses; there was inadequate staffing in the emergency department and on wards; nurses were poorly trained; patients were pushed out to the wrong wards, where the care that they needed was not available; patients were left in pain; patients were left without food and drink; basic hygiene needs were not met; nil by mouth patients were left for days waiting for operations; cardiac monitors were switched off because the nurses were not trained to use them; there were too few critical care beds; and there was a failure to prevent blood clots that went on to kill patients.

A number of things were lacking in the Secretary of State's statement. I say first that it would have been better for him to have acknowledged the role played by Julie Bailey and the Cure the NHS campaign in Staffordshire in calling attention to what had happened at Stafford hospital. As the Healthcare Commission said in its report, when it launched its investigation there was an unprecedented level of response from patients and relatives who wanted to tell its representatives what was happening. That, frankly, is illustrative of the abject failure of the NHS to listen to what patients and relatives were telling it about what was happening at the hospital.

We do not know how many patients died needlessly, but we do know that the board of the trust did not listen to complaints from patients and their families, or even to the doctors and nurses on the front line at the hospital. The board did not devote its efforts to the quality of care for patients but was obsessed with financial results, organisational change and targets—not with the care and safety of patients.

Our job is to find out not just what happened, but why it happened—and, by doing so, to ensure that it does not happen again. Clearly, the board of the trust was appointed to this task, but it should not have been simply left to get on with it. What was the primary care trust, which was responsible for commissioning services from the hospital, doing about the situation? The Healthcare Commission report says:

"Staff from the PCT involved in commissioning told us that they inherited a chaotic situation"—

following the merger of primary care trusts—

"with no detailed handover from the previous PCTs...The minutes of the PCT's performance...committee did not reveal any evidence that the PCT was aware of any problems in the quality of service being provided by the acute trust".

The PCT was concerned with cost and volume, not with quality. I urge the Secretary of State to ensure that a powerful lesson is learned about how commissioning is undertaken across the country.

The strategic health authority was, until February 2008, responsible for the performance management of the trust. It saw the mortality data at the same time as the Healthcare Commission, asked what was happening, sent the university of Birmingham to do an academic inquiry and came away, apparently reassured, that it was a matter of coding. Why did it not get to the truth of what was happening? Why was it that a year ago, the chief executive of the trust, who was responsible for what was going on, said:

"We worked with the Strategic Health Authority and investigated this apparently high mortality rate and concluded that it was due to problems in the way we were recording and coding information about patients. We have, over the last year, employed more clinical coding experts"?

He employed not doctors or nurses, but clinical coding experts. Why did the strategic health authority have the wool pulled over its eyes? Given that the then chief executive of that SHA, Cynthia Bower, has since been appointed by the Secretary of State to be chief executive of the Care Quality Commission, which will take over the Healthcare Commission's responsibilities in two weeks' time, is the Secretary of State confident that the CQC will intervene where necessary in future, and that it will be effective when it does so?

When the Secretary of State passed to Monitor the application for this trust to be a foundation trust in the summer of 2007, one of his jobs was to assure himself that there was a good quality of care. Did he simply tick a box called "They've met the four-hour target in A and E" or was there any additional evidence? It should have been his job to know that the Healthcare Commission had initiated an investigation into the trust. Even if the Healthcare Commission did not tell Monitor, it was his job to do so, and there is an admission in the Department of Health documents that that should be part of the process.

When the Healthcare Commission carried out its investigation, and wrote on 23 May 2008 requiring urgent action by the chief executive at the Stafford hospital, what did the Secretary of State and Monitor do about it? Why did they not intervene at that moment

to remove the board and put in new management? It has taken us 10 months to arrive at that point. It was not simply the case that the events in question were historical, and that everything had been solved by then. The report of the Healthcare Commission says:

"As late as September 2008, we found unacceptable examples of assessment and management of patients."

The problems persisted and the board carried on. It is still in denial, and when Mr. Martin Yeates, the chief executive resigned, he said, among other things:

"I am very proud of what we have achieved so far."

The public in Staffordshire had a right to know what was going on, and the chief executive of their trust never told them what was happening.

After Maidstone and Tunbridge Wells, the Secretary of State came to the House on 15 October 2007 and said:

"we should be spotting these issues much earlier and getting rid of incompetent chief executives or chairpersons who, fortunately, are in the minority, rather than waiting for a report such as this, by which time, frankly, most of the damage has been done."—[*Official Report*, 15 October 2007; Vol. 464, c. 571.]

Where is there any evidence of early and effective intervention by the Secretary of State, his Department, the strategic health authority, which acts on his behalf, or the primary care trust, which also acts on his behalf? Why did that not happen?

Will the Secretary of State acknowledge that constant organisational change, loss of financial control and an obsession with narrow process targets also contributed to the failure of this hospital, as they have in so many other places before, such as Maidstone and Tunbridge Wells and Stoke Mandeville? There is a systematic problem here. Will he ask the National Quality Board to look at the structure of targets so that it delivers on performance management and continuous improvement without the distortion of clinical priorities and clinical decision making, which has followed on from the application of the four-hour A and E target?

Moving from targets to outcomes, devolving decisions to the front line, giving real information and choice to patients, listening to patients, and holding hospitals to account for their performance through competition are not just the policy changes needed; they are the essence of an NHS that does not just respond to tick-box, top-down targets, but responds to the real need of patients. Learning from what has gone wrong is the essence of understanding how to improve it in the future. When will the Government learn that lesson?

**Alan Johnson:** The hon. Gentleman makes a number of valid points, and one that I do not consider valid, which I will come on to.

The hon. Gentleman's point about Julie Bailey and the Cure the NHS campaign was absolutely right. Indeed, I said in my statement that patients and staff raised concerns over a long period, and we can look at the number of complaints that went through the process. Let us remember that before the early part of this century, there was no independent regulator and no proper complaints procedure. A complaint would only have ended up in the trust—there was nowhere for it to go after that, and there were no statistics. Accident and emergency was a data-free zone. We can go back only about as far as 2001 to get any real indication of what happened.

What we know is that in the three years 2005-06 to 2008-09, there were 43 complaints by patients at the hospital. That is not unusual, incidentally. What is unusual is that 32 of those complaints were upheld at the level of the Healthcare Commission, which is where complaints now go beyond the local trust. *[Interruption.]* The hon. Member for Eddisbury (Mr. O'Brien) says that we have just stopped that. We can debate those issues, but it is very important to talk about what happened at Stafford. The hon. Member for South Cambridgeshire (Mr. Lansley) said that we have to know how this happened. He made a valid point about patient organisations, including Cure the NHS.

As for why it happened, the hon. Gentleman made a valid point about the primary care trust. Actually, we have to put that in the plural—it was primary care trusts at the beginning. I believe that there were two or three before the reorganisation. Now there is one, but previously there were a number. The reason I am asking David Colin-Thomé to look at that as far back as 2002 is precisely that we need to know what the primary care trusts were doing. We need to know why the strategic health authority, too, was not picking up on the problem on behalf of its patients. That is a central feature of what the SHA and PCTs are meant to do as commissioners.

All that we know—the hon. Gentleman will have seen this in the Healthcare Commission's report—is that there is a turgid argument about coding errors. It was pointed out by the Commission for Health Improvement in 2002, when it examined Stafford as part of a rolling programme of looking at every hospital in the country, that the system of collecting data was poor. That then seems to have become the major reason no one would examine what was actually happening to patients and patient care. The SHA commissioned Birmingham university to produce a report, which once again seemed to suggest that the problem was all about coding errors. We should pay tribute to the Healthcare Commission, which, having listened to that over and over again, refused to accept it and actually went in to see what was happening in the hospital.

I do have confidence in the Care Quality Commission, not least because this House has given it greater powers than the Healthcare Commission has. Looking at what happened at Stafford, although no one knew it when we were debating the matter, there is no better argument for why those registration and other powers are so important.

The hon. Gentleman asked when the information was passed to Ministers, and he made a point about how the Healthcare Commission could have tackled the problem much earlier. This was approved in the Department before I arrived—*[Interruption.]* Well, he asked me when I approved it, so I am just answering that I did not approve it; it happened before.

The simple fact is that the approval was for a system that looked to the future. The consideration was whether the board had a strategy for the future—the hospital had a three-star rating from the Commission for Health Improvement—and whether it was capable of carrying it out. At that time, in June 2007, there was no indication of a Healthcare Commission inquiry. Indeed, the commission itself was alerted by the Dr. Foster figures in the summer and autumn of 2007.

As far as the question about what the commission did is concerned, when it went in in May 2008 it had the

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ability, which Parliament had given it, to put that hospital into special measures immediately. That is the commission's decision, not ours. It is an independent regulator's decision to do that. What the commission did—I think it was the right thing to do—was not wait for 18 months until it had produced a report but immediately call the chief executive to a meeting and say, "There are serious concerns." Obviously it had to produce a report with recommendations, but it said that those concerns had to be tackled immediately. It states in its report that the trust did start to tackle those issues, although the hon. Gentleman is absolutely right to say that we have to be confident that there is not still a state of denial in the trust. I am still not confident about that, for some of the reasons that he gave. That is why I have asked George Alberti to go immediately and produce a report in five weeks.

Where I take issue with the hon. Gentleman—I hope that Members of all parties will not use this turgid argument—is the idea that somehow this is to do with targets.

**Dr. Evan Harris** (Oxford, West and Abingdon) (LD): That is what is in here.

**Alan Johnson:** The hon. Gentleman says from a sedentary position that that is in the report. No, the report says that staff—

**Mr. Speaker:** Order. The hon. Gentleman should not be saying anything from a sedentary position. A Minister is answering a case that has been put by the Opposition Front-Bench spokesman, and other hon. Members should listen.

**Alan Johnson:** Thank you, Mr. Speaker. This is an important point. Staff said in the Healthcare Commission report that their managers were pushing them on this issue, on the basis that they had to meet the target. However, I have just explained that A and E was a data-free zone. Horrendous things were going on there, including 12-hour trolley waits, that needed to be tackled. The argument made by the College of Emergency Medicine and the Royal College of Nursing is not that we should do away with targets. Indeed, the hon. Member for South Cambridgeshire himself said yesterday, in a very measured statement, that he has no problem with time limits—he did not use the word "targets"—but that they must never be used as an excuse to damage patient care.

We must not let the management of Stafford off the hook through some suggestion that patients cannot be treated reasonably and quickly unless we do away with standards for patient care. There is no excuse for getting untrained receptionists to triage nurse, and there is no excuse, least of all targets, for leaving someone with a broken thigh bleeding in A and E for six hours without any attention. There is no excuse for the chronic understaffing that took place at Stafford. I therefore believe that although there may be an attempt to score a few political points here, to the people of Stafford targets are not responsible for what happened in that hospital. The problem was poor management and inadequate staffing.

**Mr. David Kidney** (Stafford) (Lab): The report makes it very clear that the care failings ran deep and wide. It is less clear why that performance attracted the highest, three-star rating and foundation trust status just last year. I put it to the Secretary of State that the big challenge now is to get that hospital performing to the right standard every day for every patient while totally reconstituting the trust. May I ask him to lead from the front and come to Stafford to meet people in the hospital and talk to the patients groups that he praised in his statement? Will he explain to us how he is going to stay involved as we make those changes?

**Alan Johnson:** My hon. Friend has written on several occasions about the situation at Stafford, as have other hon. Members of all parties over the years. I will be very pleased to come and meet the patients and the representative patients groups at Stafford, and I am keen to go through with them the various measures that I have set out today so that I can be assured that there is nothing else that we can do to put their minds at rest.

**Norman Lamb** (North Norfolk) (LD): I thank the Secretary of State for early sight of the statement.

We all recognise the full horror of what has been uncovered in the report—the gross neglect of patients and many dreadful and inhumane examples of poor treatment. Conditions were described by one relative as being reminiscent of the workhouse, which is a shocking comparison to make. There has clearly been an absolute dereliction of the duty of care, which should shock us all. Stafford is not a private hospital, for which we can all blame uncaring shareholders. This is the NHS, and that is what makes it so utterly shocking.

I, too, pay tribute to the relatives who refused to be fobbed off and kept battling away, trying to get justice for their loved ones. It is the Government's absolute responsibility to ensure that we eradicate that sort of experience from the NHS. It must never happen again. In saying that, I am conscious that it was not that long ago that we considered the abject neglect that was found in Maidstone hospital. There are therefore repeated examples of those concerns.

I hope that the Secretary of State will not only focus—rightly—on the culpability of those at the hospital, but face up to the possible wider causes and failures that led to the shocking scandal. So far, we have received an apology from him and the Government only for the failure of others. It is a strictly limited apology and further investigation is required.

The Secretary of State has announced several specific steps that he wants to take, but will he agree to relatives' demands for a full, independent public inquiry into all the possible causes of the scandal and the vital lessons to be learned? Such an inquiry should consider the following matters. First, it should examine the need for justice for patients and relatives who have suffered so much. Secondly, it should consider the rigid operation of the four-hour target and the bullying that too often surrounds it—when one goes to hospitals and talks to emergency care practitioners, one hears that that plays a part. Doctors are told to divert from important care to treat people who are close to the four-hour target, and nurses have been threatened with the sack if the four-hour target is breached. It is extraordinary that the statement did not mention the four-hour target, given that the report refers to it.

It beggars belief that the hospital was a three-star hospital, which secured foundation trust status despite all that we have heard was going on. Is that not reminiscent of Haringey council, with its three-star status as the baby P tragedy unfolded? Surely we need a review of the way in which hospitals are assessed in the light of the events. Although managers are rightly in the firing line, what about the clinicians working in emergency care? Clearly, there was appalling understaffing, but did anyone speak out? Should any clinicians be held accountable for what happened? Has anyone left the trust? Has anyone gone through internal procedures? Those questions need answers.

We should also consider the role of the coroner, who failed to provide information about inquests, which would have been helpful. Surely that obstructed the investigation. What about the crucial role of the primary care trust and the strategic health authority? How on earth did matters go on for so long? The high mortality rate dates back to 2003—five full years—before anything was investigated.

What of the role of Cynthia Bower? She was chief executive of the strategic health authority and she is becoming head of the Care Quality Commission. What about her predecessor, who is now chief executive of the NHS? Is there a conflict of interest—

**Mr. Speaker:** Order. Obviously, Front-Bench spokesmen get an allocation, but the hon. Gentleman has spoken for four minutes and I must consider Back Benchers and the fact that there is an Opposition day debate today. If the hon. Gentleman is about to wind up, that is fine, but he is taking liberties at the moment.

**Norman Lamb:** I am grateful for that guidance and I will wind up my remarks.

The chair of the Healthcare Commission has talked of appalling standards of care and chaotic systems, which are intolerable. Will the Secretary of State instigate a public inquiry? Will he apologise if the conclusion of an independent inquiry shows that the culture of top-down bullying in enforcing rigid targets has played a part in the scandal?

**Alan Johnson:** I think that the hon. Gentleman is wrong to call for a public inquiry. We have a very good Healthcare Commission report, which underlines the difference between what has happened and the Bristol royal infirmary inquiry, which considered the position between 1984 and 1995, when there was no commissioner or independent regulator. There was no one to go in and examine the matter and no information. Now, the Healthcare Commission has provided an excellent report. We need to do more—that is why I said that events from 2002 to 2005 need to be examined. We need to be reassured that things are happening now. There needs to be an independent review of case notes and the National Quality Board needs to examine the alerts.

The next stage review, which Lord Ara Darzi leads, appears esoteric in many ways, because it refers to each board having to produce a quality account as well as a financial account and it mentions quality metrics. It is not the stuff that gets people excited, but it is right. When we consider what happened at Stafford, we must move even further. Bruce Keogh, the medical director of the NHS and an eminent cardio-thoracic surgeon, said that there is a

"moral, professional and social responsibility"

on everyone in the NHS to know

"what they are doing and how well they are doing it".

That did not exist previously. The hon. Gentleman spoke about Maidstone, but there was no ability to have such reports previously. The Healthcare Commission's approach has done us proud, and I therefore do not believe that there is a need for a public inquiry.

On what is happening in the trust and whether there is an issue about people on the board or clinicians, I stress that the board, which is now led by a new chair and a new chief executive and has a new clinical director, received the report officially only today. They must now go through due process. I want people to be treated fairly, with due process. The board will consider the report today and decide whether it needs to use internal procedures in the way the hon. Gentleman suggests.

**Mr. Brian Jenkins** (Tamworth) (Lab): I thank my right hon. Friend for his apology on behalf of himself and the Government for what can be seen only as a tragic let-down for patients in the trust. The report often states that the trust board could—and did—ignore individual concerns. What will my right hon. Friend do about creating a mechanism that forces the board to answer individual concerns? Not only that, the concerns should be printed locally—that would reinforce the resolve of people who may want to formalise a complaint—so that we can see the scale of problem and bring pressure to bear locally. When can we, as individual citizens and patients, exert pressure on the trust boards?

**Alan Johnson:** My hon. Friend is right. The Healthcare Commission makes recommendations about what the trust must do, especially about the extraordinary fact that the board, when it met, dealt with only high-level stuff. It never received any complaints. To revert to an earlier point, the staff complained regularly. There was only one consultant in A and E when there should have been around four. There were three matrons in a hospital that now has 12 and should have had that number all along. Patients and staff made those complaints regularly, but they never reached the board.

Of course, some high-level stuff needs to be examined, but the Healthcare Commission has also made some basic "how you manage a hospital properly" recommendations, which must be implemented. I am confident that the new management will do that.

**Mr. William Cash** (Stone) (Con): The Secretary of State was good enough to have a word with me yesterday about the appalling situation, which many hon. Members and the national press have thoroughly described. However, I revert to the question that I put to the Prime Minister about an inadequacy in the way in which the Government are handling the matter. I am surprised and appalled by it. So far, I have counted five separate reviews that they propose: a review of case notes—of course, that is important to establish culpability; the Alberti review, which deals only with A and E; the Care Quality Commission review, which raises questions about a conflict of interest, in that its inquiry will include an analysis of the role of the strategic health authority, in which the person who is now in charge of the CQC was involved; the PCT review; and that of the SHA.

As the Secretary of State knows, I wrote to the Healthcare Commission many months ago. I pay tribute to Julia Bailey, Debbie Heseldine and Ken Lownds, who worked on the report—

**Mr. Speaker:** Order. The hon. Gentleman must ask a question. I have given him a bit of leeway; I got him in at Prime Minister's questions—he has done well today—but he cannot make a speech.

**Mr. Cash:** I understand that, Mr. Speaker, but these are hugely important questions. Bringing all those matters together in one public inquiry, as we did in different circumstances back in 1984, with legionnaires' disease in the same hospital, should be very carefully considered. I strongly urge that we do that; otherwise we may miss the wood for the trees. May I say finally that—

**Mr. Speaker:** Order. No.

**Alan Johnson:** The hon. Gentleman has vociferously and persistently raised the case of concerned constituents. Indeed, he represented Stafford until 1997, so I listen with more than usual respect to what he says. The point about the case notes review is that no public inquiry or anything else can determine whether a patient died unnecessarily other than by having clinicians go through the case notes, so offering that to the loved ones of people who have died is absolutely right.

The hon. Gentleman said that Alberti would deal only with A and E, but A and E is the problem. The Healthcare Commission has made the point that the issue was to do with one third of the patients coming into A and E and the emergency assessment unit. With the greatest respect, I do not think that a public inquiry will take us any further forward. Yes, there was a public inquiry into legionnaires' disease at the same hospital in '84, but there was no independent Healthcare Commission at that time. The Healthcare Commission has provided the report. To have a public inquiry on top of that would just delay moving forward on the issue, so with the greatest respect, I disagree with the hon. Gentleman.

**Mr. Kevin Barron** (Rother Valley) (Lab): Does the Secretary of State agree that having no reconfiguration of primary care, no change in the status of a hospital and no targets would take away the responsibilities that health professionals have to patients? Would he also be prepared to allow the findings of the case notes review to be reported to the regulatory bodies, if that is applicable?

**Alan Johnson:** I agree with my right hon. Friend on all those points. One reason standards have improved so dramatically is that we have proper measuring and independent regulation and we have set standards. The targets become standards as soon as they are achieved, and they have indeed been achieved. I also agree with the point about drawing to the attention of the regulator any information that emerges from the case notes review.

**Michael Fabricant** (Lichfield) (Con): These issues precede 2002. It is to my great regret that I was told by Staffordshire paramedics in 1999 that people would be far better off going to Burton than to Stafford. When I made inquiries about that, I was just fobbed off. What can the Secretary of State do now to reassure my constituents that Burton, Good Hope and other hospitals, as well as Stafford, are safe places to go to?

**Alan Johnson:** People have to look at what the Healthcare Commission says. The Healthcare Commission has looked at all the so-called outliers—hospitals that had a very high standardised mortality ratio—and it is assured that the problems are not the same as at Stafford. The Healthcare Commission has its own alert system, leaving aside the Dr. Foster system, in which five red lights, as it were, went off about care at Stafford hospital. That has not happened in Burton or other hospitals around the country.

I find it inconceivable that what happened could have happened over such a long period, and the hon. Gentleman is absolutely right: it probably went on for much longer. The hon. Member for Stone (Mr. Cash) made the same point to me yesterday. However, we now have the procedures in place and we have the Healthcare Commission, and people can rest assured. Hon. Members in all parts of the House have to ensure that there is no hiding place for poor patient care.

**Charlotte Atkins** (Staffordshire, Moorlands) (Lab): Last week Bill Moyes of Monitor told me in the Select Committee on Health that the Mid Staffordshire NHS Foundation Trust met its criteria

"in February 2008, after...a lengthy assessment."

Does that not undermine the credibility of the foundation trust assessment process? Could the Secretary of State also give me an assurance that the proper patient care priorities of other hospitals, including the University hospital of North Staffordshire, will not be compromised by its determination to secure foundation trust status?

**Alan Johnson:** My hon. Friend raises an important point, which is central to the issue that we are discussing. I do not think that Bill Moyes or Monitor could have made any other decision. Let us not forget that the decision on Stafford was made before the Healthcare Commission decided that it needed to investigate. Yes, there were issues to do with the high standardised mortality ratio, but there are such issues in many hospitals. Once the Healthcare Commission decided formally to investigate on 18 March 2008, the hospital already had foundation trust status. Why did Monitor do that? It did so because the system looks at whether there is a proper strategy to implement.

There are lessons for everyone to learn, but I will tell the House what Bill Moyes said last night:

"we have certainly learned since our assessment of Mid Staffordshire that we need to look wider than we did at the time. At the time we tended to rely on other bodies to bring us information, whereas now we look at a whole range of issues about quality, including things like complaints".

Apparently that was not previously in the system. We all need to learn from what has happened. I am not saying that Monitor or anyone else—and certainly not the Government—does not have lessons to learn, but the 115 foundation trust hospitals that have managed to achieve that status, to which many others aspire, are a world away from the awful events that were happening in Stafford.

**Mr. Michael Howard** (Folkestone and Hythe) (Con): May I offer the Secretary of State a simple and constructive suggestion? Will he ask the chairman of every hospital's trust how much time its board has spent in the last year considering each of the following three topics: meeting Government targets; the status of the trust; and improving patient care? Would the answers to that question not help the Secretary of State as he tries to ensure that nothing similar ever happens again?

**Alan Johnson:** They would not, in the sense that the primary duty is to concentrate on patient care. That is the primary duty of all clinicians. *[Interruption.]* Well, look, the worst mistake that we could make in this House would be to besmirch the whole of the NHS with what happened at Stafford, which was an absolute exception. I hope that the right hon. and learned Gentleman accepts that, because that is what the Healthcare Commission says. Anyone who has seen any NHS worker anywhere in the country who looks at what happened would be appalled. The chief executive of the NHS has today written to every trust board, drawing their attention to what happened at Stafford and asking them urgently to review the situation to ensure that they are doing the things that the Healthcare Commission has recommended Mid Staffordshire trust must do, which includes ensuring that patient complaints reach the board.

**Dr. Tony Wright** (Cannock Chase) (Lab): This is a shocking and shaming report, as my right hon. Friend has said, but it is not a surprising one. My files are full of cases describing a lack of basic care at the trust. That is why I wrote to the Healthcare Commission asking it to look at the pattern of complaints and saying that I thought that they "highlighted systemic care issues". Now we know from this extraordinary sentence in the report that

"the board did not routinely discuss the quality of care".

We are talking about a trust that had sky-high mortality rates and sky-high levels of upheld complaints that did not even routinely discuss the quality of care at board level. That is beyond belief. The Government have now rightly put the quality of care at the top of the NHS agenda, but how can we be sure that that really happens everywhere in the country?

**Alan Johnson:** My hon. Friend's constituency covers Stafford hospital—he will shake his head if I am wrong—and once again I pay tribute to the work that he has done. The National Quality Board, among other things, will ensure that quality is central to everything that happens in the NHS—again, that came from the Darzi review. The process will involve presidents of royal societies and, crucially, patient representatives, as well as the regulators. They will be focused completely on ensuring the introduction across the country of quality metrics, CQUIN—commissioning for quality and innovation—and all the other terminology that is important to clinicians, so that quality becomes the organising principle of the NHS. It is their job to ensure that that takes place everywhere across the country. With that drive and commitment by clinicians, who were paramount in shaping Darzi's review, my hon. Friend can be assured that quality will indeed be the guiding principle and that, as I said earlier, there will be no hiding place for poor patient care.

**Dr. Richard Taylor** (Wyre Forest) (Ind): During the years of deficit, strict vacancy freezes were put in place in all trusts. Will the Secretary of State reassure us that the vacancy freezes in Mid Staffordshire were not followed by a permanent reduction in nursing posts?

**Alan Johnson:** I can reassure the hon. Gentleman that there are no vacancy freezes. The Healthcare Commission has said that the hospital was drastically understaffed, and had been so for years. He is absolutely right to say that it had to move from deficit to surplus; it is quite right that extra money going into the NHS must be matched by trusts handling their finances properly, but that must never, ever be at the expense of patient care. It is obvious that this hospital was understaffed for many years, particularly in A and E.

**Mr. Gordon Prentice** (Pendle) (Lab): Doctors and nurses are in the first line of whistleblowers. I want to hear my friend say loud and clear that clinicians have a professional obligation to speak out loudly when things go wrong, and to take any concerns to their professional bodies. Why on earth did that not happen in this case?

**Alan Johnson:** My hon. Friend is absolutely right. It is one of the great mysteries of Stafford that, as far as we are aware, that did not happen. The Healthcare Commission has said that clinicians and staff gave up registering complaints at the hospital because they felt that they were wasting their time, but I cannot answer the question of why those complaints did not come up through a different route. My hon. Friend is right to raise it, but there is no answer to it in the Healthcare Commission's report. Perhaps one will emerge from the other reviews.

**Mrs. Lait:** I apologise to the Secretary of State for interrupting him earlier. I put it down to the fact that I was horrified by the tale that he was telling us. Will he tell us who was responsible for the appointment of the non-executive directors of the trust, who was responsible for the system of appointment for the non-executive directors, and what qualifications the non-executive directors had that gave them the skills to be non-executive directors?

**Alan Johnson:** It was the chair and chief executive of the trust, before it became a foundation trust, and now it is the governors of the trust who are responsible for appointing the board and for ensuring that the people whom they appoint as non-executive directors have the skills to do the job.

**Clive Efford** (Eltham) (Lab): Although I accept that the Government should always keep targets under review, does my right hon. Friend agree that it is utter nonsense to suggest that targets were at the heart of this problem, and that that is a reason for health professionals to neglect people who are in urgent clinical need? Does he think that replacing the word "targets" with the word "outcomes" would somehow alter the fact that we were measuring the performance in our NHS hospitals? Is it not right that we need to learn—

**Mr. Speaker:** Order. Hon. Members are supposed to ask only one supplementary question. There were three in there somewhere.

**Alan Johnson:** My hon. Friend is absolutely right—[HON. MEMBERS: "Page 49."] Members are saying, "Page 49". I have read every page of the report that the Healthcare Commission has conducted and written. It says that targets cannot be used as an excuse for basic failures in management. Hospitals all over the country are getting waiting times down—the Conservatives had a target of 18 months in their patients charter—and it would be bizarre and perverse to say that, because this one hospital, Stafford, has been so appallingly managed and so understaffed, we will now take away the assurance that patients across the country have that they will be seen

*[Alan Johnson]*

by a specialist within two weeks if they are suspected of having cancer, that they will wait no longer than 18 weeks for their operation, and that they will wait no longer than four hours in A and E. That would be ridiculous. It is a bizarre argument and I do not understand it. On the point about outcomes, I suggest that my hon. Friend read the leader in *The Times* on Monday, which made the same point as eloquently as he did.

**Mr. Douglas Hogg** (Sleaford and North Hykeham) (Con): Does the Secretary of State agree that there has clearly been gross incompetence by management and staff in this case? That raises the question of what happens in the public sector when gross incompetence occurs. Surely he will agree that it is important that disciplinary procedures should be commenced as rapidly as possible, that due process must be observed, and that those responsible should be disciplined—and, if necessary, sacked—and paid the minimum that the law requires.

**Alan Johnson:** The right hon. and learned Gentleman is absolutely right, but, as he said, this must be done through due process. I would expect that due process to be speedy and to come to a conclusion quickly, and neither I nor anyone else in the House wants to see any rewards for failure.

**Rob Marris** (Wolverhampton, South-West) (Lab): The NHS overall does a great job. Stafford hospital is just a few miles from my constituency, and I am outraged at what has happened. The Secretary of State said in his statement today that "the management were obsessed with achieving foundation trust status". There have been far too many reorganisations of the NHS, both under this Government and under previous Governments. We have too many non-executive directors who are accountants, we have trust boards that are unbalanced, and we have too many senior managers in the NHS who are incompetent and not being fired. Will my right hon. Friend assure me that he and his Department will abandon the distraction of foundation trust status, which Wolverhampton is about to go through, and that he will try to ensure a better balance on trust boards so that we have fewer—

**Mr. Speaker:** Order. I must remind hon. Members of the practice of putting only one supplementary question to the House.

**Alan Johnson:** My hon. Friend has strong views about foundation hospitals, which I do not agree with. He was right, however, in his first comment. The NHS, which deals with 1 million people every 36 hours, does a terrific job up and down the country. He is falling into the trap of equating Stafford with everywhere else. There are 115 foundation trust hospitals that do a terrific job and whose standards are very high. They are part of the NHS, but it is quite right that they should have that extra freedom if they prove worthy of it. The important thing is that it should not only be financial competence that determines whether they are worthy of that status; it should also be their very important focus on patient care.

**Dr. Evan Harris:** Seven years ago I warned the Secretary of State's predecessors and the hon. Member for Woodspring (Dr. Fox) that these political targets would result in clinical distortions. Does the right hon. Gentleman accept that this hospital was a three-star trust and a foundation hospital under his Government's target metrics? Surely he cannot simply blame the managers, when they were told that they would lose their jobs unless they met the Government's priorities. According to the managers, these were P45 targets, and the Secretary of State cannot simply blame them for what has happened.

**Alan Johnson:** What the hon. Gentleman says about targets is stuff and nonsense. There is a debate about this issue. The Royal College of Emergency Medicine and the Royal College of Nursing think that targets are right. They think that the tolerance levels involved should be 95 or 96 per cent., rather than 98 per cent, but to turn Stafford into a technical argument about three percentage points is perverse, and it is unworthy of the report that the Healthcare Commission has produced.

**Mr. David Drew** (Stroud) (Lab/Co-op): I am a foundation trust governor in my acute hospital trust—

**Rob Marris:** Sell-out!

**Mr. Drew:** There you go: there's an admission! If the model is used properly, and if governors are empowered, it offers by far the best method of accountability, despite political differences. Is it not about time that we had faith in this model and empowered the governors, so that we can prevent the Staffords of this world from happening again?

**Alan Johnson:** I believe that my hon. Friend might have shared the view of my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) at the time when we were having the debate about foundation trusts. However, he now speaks very eloquently from his experience of the trusts, and I think that he is absolutely right.

**Miss Anne McIntosh** (Vale of York) (Con): Will the Secretary of State take this opportunity to assure the House that there are no systemic failures in the NHS system, and that his Department's regulations are not taking every ounce of initiative and flexibility away from the health professionals? For instance, if a patient is not eating at meal times, families are not allowed to visit in order to feed the patient. Is not that nonsensical? Can we not reintroduce a degree of flexibility into the arrangements, and trust the health professionals to allow what is best for the patients in their care?

**Alan Johnson:** I think that the hon. Lady has a particular incident that she wishes to speak to me about, and I would be very pleased to talk to her about it. I can reassure her that there is no systemic failure in the NHS, on any model. Of course, we now judge this independently; we have independent statistics. We have the Dr. Foster statistics, which are used only in this country, Canada and the United States. They are not hard and fast—there is a debate in the *British Medical Journal* this morning about them—but they are a very good indicator of when there is a problem in a hospital. These things never occurred before. Anyone who reads the report of what was happening at Bristol royal infirmary—in a data-free zone and without resort to independent regulation—will see that we have moved on a great deal since those dark days.

## Young People Leaving Care (Accommodation)

*Motion for leave to introduce a Bill (Standing Order No. 23)*

1.30 pm

**Helen Southworth** (Warrington, South) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for minimum standards in respect of accommodation for young people leaving care; to impose a duty on local authorities to ensure that such standards are met; and for connected purposes.

This Government have made massive progress in bringing in legislation to protect children and they have given a special focus to identifying and supporting children who are at risk of harm. The Children and Young Persons Act 2008 includes radical measures to improve the experience of young people in care, to deliver high-quality corporate parenting, to listen and respond to young people, to bring stability and continuity into every aspect of child care and, perhaps most of all, to create an uncompromising culture of high aspirations.

The Bill supports the high aspirations of the Children and Young Persons Act 2008. When a young person's accommodation is changed from a placement in a regulated setting—that is, a children's home or foster placement—to one that the Act refers to as "other arrangements" that are not regulated under the Care Standards Act 2000, the Bill will ensure that statutory minimum standards are in place to determine whether such accommodation is suitable.

It has been suggested that this Bill is not necessary because the regulations and guidance relating to the Children (Leaving Care) Act 2000 already place a general duty on local authorities to ensure that they provide suitable accommodation to care leavers. Certainly, a number of local authorities have developed exemplary good practice in supporting care leavers, including minimum standards to determine suitability, which they apply locally. The current framework should ensure that all care leavers are being placed in suitable accommodation that adequately meets their needs. In fact, however, the evidence from care leavers themselves and their care workers shows that in far too many cases it is not working. If the guidance from 2001 is not yet working and vulnerable young people are being placed at risk, we must conclude that a step change is needed—and it is needed now.

The National Care Advisory Service reports that 10 per cent. of care leavers feel unsafe and 44 per cent. worry about their safety. The Rainer "Home Alone" report gives case studies of the actual experience of young care leavers, so I shall cite some. For example, it states:

"There are serious problems with drug use amongst the other tenants. It's hard for Dan as he's struggled with that in the past and is trying to move away from it".

In another case, it is stated:

"The room was on the very top floor, up a few flights of steps. It's really difficult to manage every day with a young daughter and a buggy. There were no cooking facilities, no food allowed in the room."

In another case:

"There were large amounts of rubbish and discarded food, with flies everywhere."

In another:

"He felt uncomfortable even using the bathroom to wash. An older resident made inappropriate sexual advances to him and he still received no support. Eventually he was moved after being found unconscious in his room."

Furthermore:

"There was frequent harassment and discrimination from other tenants. The worst example saw her burgled and her pets were killed"—

and this relates to a girl who left care aged 16 after six and a half years as a looked-after child.

These are further cases:

"She's 25 miles away from all of her support networks, including the leaving care team and her social worker. She doesn't know anyone in the local area so she feels very isolated";

"He couldn't sustain the training placement that he'd won because of where he moved to and the distance involved";

"The local housing department wouldn't let Paul bid on a property until he reached 18 but he had to move out of his 'moving on flat' before his 18th birthday. So he had to move into temporary accommodation—a hostel—while they sorted things out. This was a major backwards step for someone who was doing well at living independently. The hostel was also in a different town which jeopardised his employment".

In his 2006 report on young people's views on leaving care, the children's rights director says:

"Young people spoke of having to wait months or longer, in local bed and breakfast accommodation, before the promised flat became available. A number of young people raised concerns about whether accommodation arrangements for care leavers are always sufficient to keep them safe from harm. Young people reported that they are given flats that are unclean and situated in bad areas".

He also said:

"Many were keen to make the point that their accommodation was filthy and that they did not feel particularly safe or secure. Other young people expressed concern at what they described as being forced to share residence with adults and other young people who they said they would never have been allowed to mix with whilst in care".

More recently, the experiences described to the associate parliamentary group on looked-after children and care leavers confirm that far too many young people are still being moved from care into unsuitable accommodation.

Part of the problem seems to be that what constitutes "suitable accommodation" in relation to care leavers is not described in any detail. By comparison, the "fitness of premises" requirements for children's homes under the Children's Homes Regulations 2001, issued under the Care Standards Act 2000, give detailed specifications that accommodation must be the following: adequately lit, heated and ventilated; secure from unauthorised access; of sound construction and kept in good order; equipped with what is reasonably necessary and adapted as necessary in order to meet the needs arising from the disability of any disabled child.

Under those regulations, there must also be conditions of appropriate privacy and sufficient washing and toilet facilities; sufficient and suitable kitchen equipment; adequate facilities for the preparation and storage of food; adequate facilities for laundering linen and clothing; space for sitting, recreation and dining and for private study; sleeping accommodation that is suitable for needs, including for privacy; and appropriate furniture, storage facilities, lighting, bedding and other furnishings, including suitable window and floor coverings. Furthermore, premises may not be used for the purpose of a children's home

*[Helen Southworth]*

unless they are in a location and of a physical design and layout suitable for the purpose of achieving the aims and objectives set out in the homes statement of purpose. Children's homes are also inspected to ensure they meet these and other standards. Once a young person leaves a home or foster care to live in other accommodation, however, the guidance of suitability becomes extremely broad-brush, and there is no independent inspection.

The purpose of the Bill is to sort out those problems by providing clear, simple minimum guidance—nothing bureaucratic or over-sophisticated, just the sort of simple guidelines that any decent responsible parent would ensure were in place for their child if they were looking for suitable accommodation. A lot of the work to identify standards has already been done—for example, with student accommodation where national codes of practice have been agreed, covering transparency of charges, responsibility for repairs, health and safety requirements, security, environmental standards and tenant relations. All should be specified in detail and there should be a requirement that contracts for tenancies are fair.

Foyers, which supports more than 10,000 young people each year—16 to 25-year-olds in housing need—has a lot of experience in this area. The Foyer Federation has developed an accreditation process with quality standards to ensure that accommodation is affordable accessible, safe, well maintained and appropriate to needs, and meets the needs for independence, privacy and dignity, security and health and safety.

The majority of young people choose when to leave home—perhaps to go to college or university, to take up a job or to move in with friends or a partner. Most of them decide when they want to leave and have a support network to back them up, and family to help them out and a home to go back to if they want. The average age at which people leave home is 24, but young people leaving care are more likely to be vulnerable and without access to family support. They are more likely to leave at a much earlier age. Last year, 24 per cent. of care leavers left care at 16, and 15 per cent. left at 17. They often have to face a huge number of changes all at once, and all too often have to deal with them without any support or help from a family, and they have nowhere to go back to if things do not work out for them.

With just a small effort from this House—it is a corporate parent and has a duty of care to these young people—we could make a huge difference to outcomes. We have to make sure these young people have accommodation and support that is suitable for them and meets their needs. We need this Bill, so I ask the House to take it forward.

*Question put and agreed to.*

*Ordered,*

That Helen Southworth, Ann Coffey, Dan Norris, Mr. Barry Sheerman, Mr. David Kidney, Rosemary McKenna, Mr. Kevin Barron, Derek Twigg, Hilary Armstrong, Mr. Mike Hall, John Bercow and Annette Brooke present the Bill.

Helen Southworth accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 19 June and to be printed (Bill 77).*

**David Davis** (Haltemprice and Howden) (Con): On a point of order, Madam Deputy Speaker. We are about to have a major debate on the economy. At 12 noon today, the Treasury published Lord Turner's report on the causes of the current problems in the economy. As of three minutes ago, the report is not available in the Vote Office. It strikes me as outrageous that the Treasury has not made arrangements to let us know what is going on in its policy formulation.

**Madam Deputy Speaker (Sylvia Heal):** The right hon. Gentleman's point will have been heard by Members on the Treasury Bench, and no doubt arrangements to make the report available are now in hand.

# Opposition Day

[8TH ALLOTTED DAY]

## The Economy

**Madam Deputy Speaker (Sylvia Heal):** I must announce that Mr. Speaker has chosen the amendment in the name of the Prime Minister.

1.42 pm

**Mr. George Osborne** (Tatton) (Con): I beg to move,

That this House condemns the fact that, nine months into a recession, Government policy is failing to tackle the deepening economic crisis; notes that the measures announced months ago, including the Working Capital Scheme, the National Internships Scheme, the Asset-Backed Securities Guarantee Scheme, the Homeowners Mortgage Support Scheme, the car manufacturers' finance guarantee and the Recruitment Subsidies Scheme, have not yet been implemented; questions whether there is any evidence at all that the temporary cut in value added tax has succeeded; notes with concern that the value added tax cut has added to a rapidly deteriorating fiscal position, and that Government debt is likely to double by 2013; calls on the Government once again to implement what was promised, to get credit moving by introducing a National Loan Guarantee Scheme, to take tax measures in order to help savers and to take other measures to help small businesses; and further calls on the Government to start addressing the long-term causes of the current crisis, including a build-up of government, corporate and personal debt which has left the UK more exposed than other countries, and to develop the required long-term reforms of the tax system, the failed tripartite system of regulation, and the public sector, so that in future Britain lives within its means.

As we heard during Prime Minister's Question Time today, we have just seen the fastest monthly rise in unemployment on record, worse than any monthly figure during the 1980s or the 1990s. Vacancies are at a record low—which used to be the Government's excuse on days such as this—while 2 million people are out of work, and of course the numbers climb steadily. We have also learnt today that the International Monetary Fund has produced new growth forecasts for the world, which show that Britain is set to be in recession for longer than any other major economic area. Indeed, the IMF predicts that the British economy will be the only major economy to contract next year, 2010, when the economies of America, the eurozone and Japan are all forecast to be growing again.

As my right hon. Friend the Member for Haltemprice and Howden (David Davis) has just said, Lord Turner has published his report—*[Interruption.]* I was sent a copy in advance, so I did not need to go to the Vote Office. However, it says something about co-ordination in the tripartite committee that the committee could not convey the report to other Members.

**Tom Levitt** (High Peak) (Lab): Will the hon. Gentleman give way?

**Mr. Osborne:** I will give way in a while, but may I be allowed to say something about the report first? It offers a pretty devastating critique not just of the regulatory system created by the Prime Minister in 1997 but—this is in the first half of the report—of a model of economic growth that was based on unsustainable debt, over-leveraged banks and a huge macro-economic imbalance.

One would have thought that the Chancellor of the Exchequer, who commissioned the report and whose policies are deepening the recession, would be here to debate the economy and defend his approach, but apparently not. We have not had a debate on the economy in Government time since December, and the Government have known about this debate for two weeks. When we suggested it, we were told that there was no pressing international summit or unbreakable commitment that would require the Chancellor's absence. There is only one conclusion to be reached: the Chancellor of the Exchequer is running away from the debate because he knows that he is losing the debate. A confident Government, and a Prime Minister who meant what he said about restoring the primacy of Parliament, would have relished the chance for the Chancellor to appear before us today.

**Tom Levitt:** I note that the shadow shadow Chancellor is not here either.

The hon. Gentleman opened his speech with a reference to unemployment. Why is there no mention of unemployment in his motion? Is it because, as I suspect, the Tory view is still that unemployment is a price worth paying?

**Mr. Osborne:** First, our motion refers to the various unemployment and employment schemes that are not operational. Instead of simply taking the Whips' handout, the hon. Gentleman might actually read the Order Paper. Secondly, may I give him some advice? I know that he has been in Parliament since 1997, and he has been taking these handout questions since then. He is still not on the ministerial rung, and he only has a year to go. Why does he not change tack, and be a bit more critical of the Government?

**Chris Ruane** (Vale of Clwyd) (Lab): Will the hon. Gentleman give way?

**Mr. Osborne:** It is normally a mistake to give way to the hon. Gentleman, but I will.

**Chris Ruane:** Does the hon. Gentleman agree that the big difference between this recession and the last one, which took place under the Conservatives, is that under the Tories interest rates were at 15 per cent., whereas in the present recession they are at only 1 per cent.?

**Mr. Osborne:** The difference between this recession and the last one is that we have just seen the highest rise in unemployment on record, and it happened today.

**Mr. Michael Howard** (Folkestone and Hythe) (Con): Would not the hon. Member for High Peak (Tom Levitt)—and indeed the Prime Minister, earlier today—have been well advised to read the Government amendment before making the point that they made, as the amendment also contains no reference to unemployment?

**Mr. Osborne:** As ever, my right hon. and learned Friend's razor-sharp attention to detail has enabled him to make a telling point.

So we do not have the Chancellor of the Exchequer. Instead, we have the Chief Secretary to the Treasury. I know that she is not exactly busy these days. I am not sure what the role of a Chief Secretary is in a Treasury that has completely given up any attempt to control public expenditure.

*[Mr. George Osborne]*

Yesterday, the Prime Minister announced in an interview in *The Guardian*—not to the House of Commons, of course—that there would be no spending review at all this year. The whole panoply of comprehensive spending reviews and three-year plans that we have had from the Prime Minister over the last 15 years has been junked without a word of explanation to Parliament or the public. If somebody does not review spending when they have the biggest budget deficit in the country's history, they really must have abandoned all the basic responsibilities of government. On the plus side, however, this means that the Chief Secretary has more time on her hands—more time to plan her budding leadership campaign, of which we read in the newspapers, and more time to join us here. We welcome her to her place.

The case that we make today is simple. First, the Government's policies to tackle the recession are simply not working—literally so, in the case of the many schemes that still exist only in the form of a press release. Secondly, the Government have not yet faced up to the fundamental failure of the debt-fuelled model of economic growth which their Prime Minister pursued for a decade, and which has led us into the longest recession in the world and the deepest recession in our recent history. Or as the right hon. Member for Norwich, South (Mr. Clarke)—always a friend of the Prime Minister—put it just this lunchtime on television:

"There are many aspects of our economy that put us in a worse position".

**Patrick Hall** (Bedford) (Lab) *rose—*

**Mr. Osborne:** Does the hon. Gentleman agree with his colleague?

**Patrick Hall:** It is for the hon. Gentleman to answer for his party.

According to the hon. Gentleman's motion, we are

"nine months into a recession".

That means that the recession started last July. During Prime Minister's Question Time, however, the leader of the hon. Gentleman's party said that it had started in April—12 months ago. Could the hon. Gentleman help to resolve the apparent confusion in the Conservative party?

**Mr. Osborne:** That was a staggeringly poor intervention. First, the Leader of the Opposition said that the economy had not been growing for a year, and I think the hon. Gentleman will find that there was zero growth in the second quarter of last year. Secondly, if he wishes to trade quotations of what was said during Prime Minister's Question Time, I point out that the Prime Minister said that America had entered the recession before the United Kingdom, and it experienced positive growth in the second quarter of last year. No doubt the hon. Gentleman will be writing to his right hon. Friend to correct him as well.

The case we will make today is simple: the schemes are not working and the Government have not faced up to the fundamental flaws in their model of economic growth.

**Clive Efford** (Eltham) (Lab) *rose—*

**Mr. Osborne:** If the hon. Gentleman will allow me to make a little progress, I shall give way to him later—and, perhaps, hear whether he supports what Ken Livingstone has been saying about the Prime Minister today. I will give the hon. Gentleman some time to think about that. We might also hear about what the Member sitting next to him, the hon. Member for Dagenham (Jon Cruddas), has written in *The Guardian* today about how new Labour has lost its spirit of generosity and lost touch with the people of this country. While the hon. Member for Eltham (Clive Efford) reflects on that, let me say this—*[Interruption.]* May I just add that we support the campaign of the hon. Member for Dagenham for the leadership of the Labour party?

A lot of attention has been given in recent weeks in this House, and especially in the media, to the repeated bail-out of the banks and the forthcoming G20 meeting, and I will discuss those on a later occasion, but what I want to draw to the House's attention today is the failure of the policies that, in the Government's words, are supposed to be providing "real help now" to families and businesses struggling with the recession. That slogan of "real help now" is a cruel joke to thousands of people who have lost their jobs, and continue to lose their jobs, while this Government dither and delay.

**Clive Efford:** The hon. Gentleman has talked about what works and what does not work. Can he explain how cutting inheritance tax for the richest 3,000 people, at a time when we are in one of the deepest recessions in the last 100 years, will help ordinary families who are struggling to survive through this recession?

**Mr. Osborne:** My memory of the autumn of 2007 was that I proposed some changes to inheritance tax that the hon. Gentleman's Government then copied about a week later. In commemoration of that occasion, I was sent a cartoon by a Labour MP showing the Chancellor and the Prime Minister climbing through a window to steal my policies from my office. Therefore, if the hon. Gentleman has a complaint, please will he take it up with those on his own Front Bench?

**Mr. Doug Henderson** (Newcastle upon Tyne, North) (Lab): Setting aside the political rhetoric—*[Interruption.]* I think we have heard a lot of that today. Setting aside the political rhetoric, does the Conservative party accept that as part of any fiscal stimulus internationally, it is inevitable in this country, as in other G20 countries that both debt and borrowing will be a higher percentage of GDP, rising in every advanced country above the 3 per cent.? If the Conservatives do accept that, what is their strategy for tackling Britain's position?

**Chris Ruane:** He can't answer that.

**Mr. Osborne:** Well, I can actually. The answer to the question is as follows. Of course, in a recession Government debt increases—and, by the way, when we go into a recession with a 3 per cent. Budget deficit, it is likely to increase above that in the recession, because tax receipts fall off and welfare payments increase. Those are the fiscal stabilisers, and that provides a fiscal stimulus. That was a debate that was had in this country and many others over many decades since the 1930s. We have not proposed in any way to tamper with the fiscal

stabilisers. What we opposed was the debt-funded discretionary cut in VAT. The question that Labour Members have to ask themselves is this: have they got any evidence that that has in any way stimulated the economy or encouraged anyone to spend any more money? Every single major retailer has come out and said that it was a waste of money and it has not worked. The one thing we can be sure of is that it has, in a discretionary way, added to a very significant borrowing problem, and the shocking figure we will get on Budget day will be the size of the fiscal deficit that this Government are saddling this country with for many years to come. It will be the highest in our history, and the Labour party's reputation for economic incompetence is not only apparent for all to see today, but it will be hung around their neck for a decade to come.

**Mr. Andrew Love** (Edmonton) (Lab/Co-op): The Institute for Fiscal Studies commended the VAT cut in its "green Budget" as bringing expenditure forward. I want to ask the hon. Gentleman a question on economic competence, however. Is it competent in the midst of a recession to be talking about public sector cuts?

**Mr. Osborne:** Again, the hon. Gentleman would do well to look at what we have actually proposed. We have proposed reducing the real growth in spending from 3.4 per cent. to 2.6 per cent., which means that public expenditure will grow by £25 billion next year instead of £30 billion, and using that £5 billion to help the millions of savers and pensioners who have been penalised in this recession—who did the right thing for the last 10 years and have been punished for it. That is a perfectly sensible allocation of resources.

**Several hon. Members** *rose—*

**Mr. Osborne:** I shall give way to my right hon. Friend the Member for Wokingham (Mr. Redwood) and my hon. Friend the Member for Bournemouth, East (Mr. Ellwood), and then I shall make some progress.

**Mr. John Redwood** (Wokingham) (Con): My hon. Friend is making an extremely powerful case. Does he agree that another big hazard for us is that, because the Government have clumsily blundered into giving too much money to banks, taxpayers are now at massive risk and are standing behind grotesquely large remuneration packages and pensions for some who have failed, and that the Government should have been a lot tougher in their support and much more careful in what they did?

**Mr. Osborne:** Of course I agree with my right hon. Friend, and the tale of Lord Myners and Sir Fred Goodwin's pension should ring around the country as an example of how this Government are completely incapable of looking after taxpayers' money. It is a miracle that Lord Myners survives in the Government, and it says something about the judgment of the Prime Minister that he put him there in the first place.

**Mr. Tobias Ellwood** (Bournemouth, East) (Con): My hon. Friend talked about the importance of helping businesses. The one initiative that has made its way to Bournemouth is a seminar called "Employing People from Overseas Countries", which has been paid for and run by the Home Office. At the seminar, people can learn about step-by-step visa applications, biometrics and the new points system. This is the only initiative that has got to Bournemouth. Is this really the way for us to tackle unemployment in this country?

**Mr. Osborne:** Well, it does sound a little inconsistent with the Prime Minister's slogan of "British jobs for British workers".

My hon. Friend brings me on to the subject of Government schemes, which I want to touch upon now that I have taken those interventions. Four months ago, we argued from this Dispatch Box that the urgent priority was to get credit flowing again to businesses large and small, so that they stayed afloat and people were kept in work. We proposed a national loan guarantee scheme as a big, simple and bold answer to the problem that everyone, from the Governor of the Bank of England to the head of the CBI to the trade unions, had identified as the most important problem facing British business. We also said that to help with the cash flow of smaller businesses while they wait for that credit, we should allow them to defer their VAT bills and we should reverse the rise in their small companies tax rate. To help the unemployed get back to work, we suggested a national insurance rebate for any employer who took them on. At the time, the Government—particularly the Prime Minister—of course dismissed every single initiative out of hand. Now, four months later, they are struggling to introduce them.

**Chris Ruane** *rose—*

**Mr. Osborne:** I will give way after I have got through this section of my speech. *[Interruption.]* This is about the hon. Gentleman's constituents—it is about the many thousands of people in all our constituencies who are losing their jobs. Businesses are going bust because Government schemes that were promised have not been implemented.

Let us look at the working capital scheme—no doubt the hon. Gentleman was among the loudest cheerers when it was announced from the Dispatch Box. It was proposed on 14 January and launched in a blaze of publicity. The Business Secretary said at the time:

"There will be real results from the schemes that go live today."

Two months later, that scheme does not exist. The date when it was supposed to be up and running came and went weeks ago. The negotiations with the banks are still continuing, and in the meantime good businesses are going bust and good people are losing their jobs.

That is not an isolated example of the incompetence of this Government. The automotive assistance programme is supposed to help the car industry. Two months after it was launched, there is no evidence yet that a single car manufacturer has been helped. Earlier this week, the Department for Business, Enterprise and Regulatory Reform floated the idea of a car scrappage scheme. Today, the Treasury is briefing the media that it is not in favour of the scheme—That one did not even last a week. My hon. Friends will recall that the home owners mortgage support scheme was announced by the Prime Minister in the Queen's Speech debate, yet we are now in March and that scheme does not exist; the number of repossessions is rising, thousands are losing their homes and not a single home owner has received support. What about the national internship scheme, which was

*[Mr. George Osborne]*

announced three months ago? I can find no record of that scheme anywhere—it has completely disappeared without trace. Perhaps the Chief Secretary to the Treasury could tell us what has happened. Ministers cannot distinguish between getting a headline on the "Today" programme and actually making sure that the schemes they promise are implemented and are working, but the public can and this is causing widespread disillusion and despair.

**Mr. Oliver Heald** (North-East Hertfordshire) (Con): My hon. Friend is making such a strong case. Does he agree that one of the real dangers of delay is that rising unemployment will simply overcome all these efforts, as consumer confidence falls and the chances of rescuing these businesses and saving jobs are lost?

**Mr. Osborne:** I completely agree with my hon. Friend; we are facing a very severe rise in unemployment. The tragedy is that if some of these schemes, particularly the credit and guarantee schemes, had been in place months earlier, some businesses could have been saved and some of those people could have been kept in work.

**Mr. Angus MacNeil** (Na h-Eileanan an Iar) (SNP): The hon. Gentleman is discussing a long list of Labour's, and in particular the Prime Minister's, broken promises—the Prime Minister is going to introduce £1 billion of cuts in Scotland, in addition to everything else that is happening there and in Northern Ireland. May I remind the hon. Gentleman about last week's Prime Minister's questions? The Prime Minister told the hon. Member for Macclesfield (Sir Nicholas Winterton) that he would be

"happy to debate the economy at any time in this House".—[*Official Report*, 11 March 2009; Vol. 489, c. 292.]

Could it be that the Prime Minister is somewhat less happy this week?

**Mr. Osborne:** For once, I agree with the Scottish nationalists—perhaps there will be many other such occasions in the future. The hon. Gentleman rightly says that the Prime Minister said that he wanted to debate the economy, yet he will not even send the Chancellor of the Exchequer to debate it today.

I know that many hon. Members will raise constituency cases in this debate, but I just want to read a letter that I have received from a constituent of mine, because I think it touches on a wider national issue. The letter states:

"Dear Mr Osborne

I am writing concerning an article which was published in The Times...The article was entitled 'White-collar workers to get special help as jobless hits 2m'...I have recently become unemployed and am keen to undertake some training to extend my skills so this"—

scheme—

"would be ideal. Unfortunately, no one at the local JobCentre (including their management team) has been told about either scheme and they were...totally unaware of the article. This lack of information reflects badly on the JobCentre staff which is unfair as, for the most part, they are doing a good job under very difficult circumstances."

**Chris Bunge:** Signed David Cameron.

**Mr. Osborne:** Again, the hon. Gentleman is making light of the fact that thousands of people are losing their jobs. He is making light of the fact that someone who has lost their job went to the jobcentre clutching an article that they had read in *The Times* about a Government scheme that had been launched only to find that the jobcentre knows absolutely nothing about it. That is why in a year's time the hon. Gentleman will be the one losing his job. *[Interruption.]*

**Madam Deputy Speaker:** Order. If hon. Members wish to intervene, they know the method that they must use.

**Rob Marris** (Wolverhampton, South-West) (Lab) *rose*—

The very end of the Opposition motion refers to the country living "within its means", and that has an impact in terms of savings. At the moment, there is a 10 per cent. return from the capital rule for savers who are pensioners in terms of benefits. Many of us think that that 10 per cent. is unrealistic now. If the shadow Chancellor agrees, would he indicate the level to which he thinks that percentage ought to come down?

**Mr. Osborne:** I agree with the hon. Gentleman that the way in which many of the benefits and the pensions operate makes assumptions about returns from capital that are totally unrealistic in the modern environment, with its near zero interest rates. I think that we will find many examples like the one that he raises. He makes his point very seriously, and I shall go away and give it full consideration and come back to him on it. He will find as we go through this year that there are many examples of how the prospect of deflation interacts in a very odd way with the benefits system to which we have got used.

**Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): This morning, I received a reply from the Minister with responsibility for higher education saying that, since 2007, career development loans provided by banks are down by a third. These are the career loans for people, mostly young people, who have suddenly found a halt to their careers. Does my hon. Friend agree that this is yet another example where the Government's policies simply are not working and the money is not trickling through to the public?

**Mr. Osborne:** My hon. Friend is right; there are numerous such examples, some of which I have raised. One has only to listen to what the Minister for Employment and Welfare Reform was saying just a couple of hours ago in order to realise this. He acknowledged that

"there is a frustration about these"—

Government—

"schemes and the money and the credit getting through."

That is the Government's Employment Minister acknowledging frustration about the Government schemes that were promised and not delivered. That brings me to the second point that I wish to make.

**Sir John Butterfill** (Bournemouth, West) (Con): Does my hon. Friend agree that it is very worrying that one of Bournemouth's leading construction and engineering companies has written to me saying that it has tried to get one of these guaranteed loans, but the banks will

accede to that only if the directors give a personal guarantee? That negates the whole objective of guaranteed loans, does it not?

**Mr. Osborne:** My hon. Friend is absolutely right. The whole purpose of these guarantees is to try to get the money out of the banks and into businesses. We were told that the recapitalisation in October would achieve that, but it failed. That is why we needed a national loan guarantee scheme. The examples that we are hearing about today—there are countless other such examples around the country—are examples of how the Government are failing to deliver on the promises that they have made to the public and are failing to deliver on their basic duty to help people in this recession.

**Mr. Michael Jack** (Fylde) (Con) *rose—*

**Mr. Geoffrey Robinson** (Coventry, North-West) (Lab) *rose—*

**Mr. Osborne:** If both distinguished former Treasury Ministers—to varying degrees of distinction—will allow me, I shall make a little progress. I know that lots of hon. Members wish to speak, given that we have not had a debate on the economy since December. I am sure that the hon. Member for Coventry, North-West (Mr. Robinson) will wish to tell us all about how successful the Government schemes for the car industry are proving at the moment.

Let me deal with the second major question: do the Government understand that the model of debt-fuelled growth that they pursued for 10 years is fundamentally broken and needs to be fixed? Judging from the Prime Minister's increasingly contorted answers to the questions of blame, the answer is no—indeed, his answer seems to amount to, "I'm sorry I didn't get other leaders to agree with me earlier." That is not much of an apology. He, alone in the country, still maintains that there was nothing wrong with the British economy and with the way in which he regulated financial services in the country, and that we are simply the unwitting victims of a recession that came from America. That is his argument, although I note that he left it out of his speech to the American Congress—I guess that speech will not be appearing in the next edition of "Courage".

The problem with the argument that the recession came from America is that it does not explain some basic facts. Of course there has been turmoil in the world financial system and huge problems in America, but was it America that caused British families to become more indebted than American families or that caused British house prices to rise twice as fast as US house prices? Was it America that caused British banks to lever up 37 times their capital—almost double the leverage of their US counterparts? Was it America that gave Britain the largest budget deficit in the developed world? Was it an American politician who said with the hubris of "peace in our time" that he had "abolished boom and bust"? No, it was a British politician. The Turner report, which was published at midday, blows apart the Prime Minister's claim that all was well with the British economy until we were hit by a transatlantic storm. It supports the Conservative argument that the problems in the British economy are deep-seated and that the model of growth pursued over the past decade is fundamentally broken.

**Laura Moffatt** (Crawley) (Lab): Where were you?

**Mr. Osborne:** I was opposing the Government, whereas the hon. Lady was supporting them.

Page 29 of the report talks of the

"rapid credit growth in the UK household sector in the decade running up to 2007".

It discusses the "major and continued macroimbalances" that built up in the UK and says that

"the UK experienced a credit and property cycle similar to that seen in the US".

The trigger may have been pulled by US sub-prime, but the gun was loaded here in the UK. The failure to fix the roof when the sun was shining was a British failure and a Labour failure. Until the Prime Minister understands the mistakes that we made in creating an economy built on debt, there is no prospect of the Government leading a lasting and meaningful recovery.

What needs to be done? We need to shift the corporate tax system away from encouraging debt towards supporting equity and new investment—not a word from the Government on that. We need to provide new start-up capital for the businesses that we want to see emerge from the ashes of this recession—not a word from the Government about plans to do that. We need to make changes to the personal tax system, so that pensions and savings are supported, not penalised—not a word from the Government about how to do that.

I urge the Government to act in the coming Budget to help pensioners and savers and adopt our proposals to abolish income tax at the basic rate for savers and increase the pensioner personal tax allowance so that those innocent victims of this recession are helped.

We have heard nothing from the Government, not even from the Chief Secretary herself, about what will take the place of the three-year spending plan and the fiscal rules that were supposed to be the centrepiece of Budget policy. We have proposed an office of budget responsibility, so never again can a Government borrow recklessly in a boom and leave our country so exposed when the economy turns. The Government have no answers to any of these things. Indeed, the Prime Minister will not even accept that the system he created 12 years ago for regulating banks needs changing.

When we asked James Sassoon—the man who actually advised the Prime Minister, when he was the Chancellor, and who sat as his representative on the tripartite committee for years—to reflect on his experiences, think about what had gone wrong and propose reforms to the system of regulation, the Prime Minister rejected them out of hand without even reading the man's report.

Today, Lord Turner too has proposed major changes to the system of financial regulation, and I support some of them but have doubts about others. However, yet again, the Prime Minister is not engaging in the debate. He is not even prepared to admit that there is a debate to be had about whether we return to narrow banking. He has dismissed that without allowing Parliament to discuss an issue of such fundamental importance.

**Mr. John Gummer** (Suffolk, Coastal) (Con): Is my hon. Friend aware that the FSA is demanding £120 million extra to pay for more regulation of the same kind, and that much of the burden of that will fall on the very companies that have suffered because of the failure of the FSA's regulation?

**Mr. Osborne:** My right hon. Friend is right. It is especially unfair that the burden of the levy is falling on the building societies rather than on the investment banks. Many of the building societies—especially the larger ones, such as Nationwide—did the right thing and are paying a heavy price for it, as I saw when I went to Swindon. I will be going again to Swindon several times over the next year to discuss these issues with Nationwide.

**Mr. Geoffrey Robinson:** Would the hon. Gentleman's £50 billion loan scheme, count as Government expenditure? If so it would add massively to borrowing, and he has to accept that. Who would administer this scheme by which he is so mesmerised? At one point, the Tories suggested a new Government quango, but without much conviction. Most importantly, would he seek any security for loans made under this phantom scheme that he has invented and thrown up for general discussion without a single convincing element to lend it credibility? Would he require security, or would it be a question of everybody having what they want?

**Mr. Osborne:** I get the point. The scheme would be of the same nature as the guarantees we offer for interbank lending, and would be scored in the same way. Of course there would be a contingent liability, but it would not add to public borrowing. The scheme would be administered by the banks, because they have the commercial judgment—*[Interruption.]* I do not suggest that the Government should engage directly in making loans to small and medium businesses, or even large ones. The banks can do that with the support of the Government and the guarantees provided by the Government—*[Interruption.]* I do not know why Labour Members are so surprised. This is the scheme that the Government are supposed to be setting up, but it has not actually happened yet. Of course, as with a good commercial loan, there would be collateral, but the point is that businesses cannot get commercial loans and there is no credit flowing in the economy, because of the credit crunch.

The Government cannot engage in any of the debates about making good the mistakes of the past or learning the lessons about what went wrong because they are led by a man who thinks that no mistakes at all were made. He thinks that there were no mistakes in the system of regulation, in the wanton destruction of savings and pensions, or in allowing an economy to be built on debt.

**Mr. Love:** Will the hon. Gentleman give way?

**Mr. Osborne:** I have given way to the hon. Gentleman already and I now want to make some progress as many hon. Members wish to speak.

The Prime Minister said clearly when he was on that plane to Washington that he had nothing to apologise for. We can picture the scene—standing in the aisle, his hand gripping the headrest ever tighter, and trying hard to control his rage as he says with menace, "I have nothing to apologise for." It is the "je ne regrette rien" moment of this recession. The moment when the hubris is exposed, and when we realise just how out of touch the Prime Minister has become.

Of course, those around the Prime Minister realise it too. The Chancellor is urging him to apologise. The Secretary of State for Children, Schools and Families, one of the Prime Minister's closest allies, is urging him to apologise, we understand. But the Prime Minister will not listen, because he genuinely believes, deep in his bones, that he has nothing to apologise for. Because that betrays such a deep misunderstanding of what has happened to the British economy in the long years that he has been in charge of it, it shows that he cannot possibly be the man to learn the mistakes of the past and lead our country into a better and more sustainable future.

If Labour Members will not listen to that argument made by a Conservative, they should listen to the Secretary of State for Communities and Local Government. She said:

"You can't just pretend you weren't there...if you don't have any acknowledgment of anything then...where do you get permission to give them a vision of where the future needs to be?"

That is what she is telling the Prime Minister who chairs the Cabinet to which she belongs.

Britain is in the deepest recession that it has known for a generation. The IMF predicts that alone in the world, our economy will shrink next year as well. We have the highest budget deficit in our peacetime history, and we are storing up such debts that it will be our children and grandchildren who end up paying them off. The economic model that the Government pursued for 10 years was built on debt and it has failed. Now the blizzard of schemes announced by the Government to tackle the recession is failing too. Ministers have confused a headline in the newspaper with real help now for their constituents, and we have a Prime Minister who will apologise for nothing and who is deeply disconnected from the reality of the economic mess he has created. The country desperately needs change. And it is the weakness of a Government, who dare not call an election, that they stand in the way of that change. The sooner they go the better, for the sooner then we can begin a recovery.

2.18 pm

**The Chief Secretary to the Treasury (Yvette Cooper):** I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"recognises the impact the international credit crunch is having across the world and for households and businesses in every region of the UK; supports the Government's decisive action to stop the banking system collapsing, secure the sector's role in supporting the economy, households and businesses and remove blocks to sustainable lending; notes the agreements made with Lloyds, RBS and Northern Rock to increase lending to individuals and firms; welcomes the action in line with other countries across the world to boost the economy this year and next with targeted support to people and businesses including the value added tax cut, helping homeowners avoid repossession, a range of measures to provide finance and defer tax liabilities for business, pensioner payments, increased child benefit and a tax cut of £145 for 22 million basic rate taxpayers; further notes the extra resources to support those facing redundancy and seeking work; further supports the bringing forward of capital projects to improve public services and infrastructure, and provide jobs now; further notes that the Government has set out measures to deliver sustainable public finances; further welcomes the Government's leadership of the G20 and its focus on co-ordination between countries, equipping the International Monetary Fund and the World Bank with the resources and tools needed, and reform of global financial regulation; and further supports the Government taking action now to come through stronger and faster so that the UK can take advantage of the world recovery."

The hon. Member for Tatton (Mr. Osborne) has tried to entertain the House with drama. Unfortunately, I noticed that the right hon. Member for Wokingham (Mr. Redwood) and the hon. Member for Uxbridge

(Mr. Randall) seemed to sleep through about half of his speech. The rest of us listened to a huge amount of bombast and feigned indignation that would have been at home on the floor of the Oxford Union, but contained no substance about what the hon. Gentleman would do to help the unemployed—those who have lost their jobs and who need our help to get back into work. We have heard nothing about how the Opposition would help businesses, how they would help families and how they would support the economy through difficult times.

**Mr. Gerald Howarth** (Aldershot) (Con): Can the Chief Secretary tell us why the Chancellor of the Exchequer is not answering this most important debate, which is of huge concern to the people of this country? Is it just that he cannot be bothered?

**Yvette Cooper:** As the hon. Gentleman will know, the Chancellor of the Exchequer was in the House on Monday and will be in the House again next week. He will be answering the Treasury Select Committee tomorrow and will be leading a debate on the economy before the end of the month. The hon. Gentleman will agree, I think, that the Chancellor of the Exchequer has repeatedly debated the economy and discussed it in this House. I am sorry that the hon. Gentleman is disappointed to see me at the Dispatch Box, but I have to say that I miss debating with the hon. Member for Runnymede and Weybridge (Mr. Hammond) and I look forward to listening to his speech later on.

First, I want to address the immediate action that we are taking here and internationally to help families and businesses to deal with the global credit crunch. I then want to turn to the issue of how we will address some of the long-term causes and the long-term opportunities for our future.

I sometimes wonder, when Conservative Members talk about the economy and the actions that we need to take, whether they understand the scale of the financial crisis that the world is going through. Lord Turner said today that

"the world's financial system has gone through its greatest crisis for a least a century".

Extraordinary events and extraordinary risks to our future require extraordinary action, not just here but across the world, to get us through. When Conservative Members change their minds about whether they support the action that we took in October, they misunderstand quite what the risks were not just to our economy but to the world economy last October, the sheer scale of devastation that would have been caused if those international banks had gone under and how important the recapitalisation scheme was.

**David Tredinnick** (Bosworth) (Con): We do not need extraordinary action, but simple action. What do I say to Labelsco, a company whose representatives I spoke to in my constituency this morning and who have shed 25 per cent. of their work force and are desperately looking for the enterprise finance guarantee scheme and the working capital scheme to support their businesses, only to be told by their two banks that the scheme is not available?

**Yvette Cooper:** The enterprise finance guarantee scheme is available and people should ask their banks for it. If the hon. Gentleman has a case in which a particular business has been turned down for the scheme, I am happy to look into that case for him. I assure him that the enterprise finance guarantee scheme is in place.

I want to turn to the measures that are in place to support the economy.

**Anne Main** (St. Albans) (Con): May I take the right hon. Lady back to the statement she made that implied that this was somehow like a debate on the floor of some posh university? I had a business summit where 30-odd businesses said that they were not getting the help that they need from the Government. Citizens Advice has seen a fourfold increase in the number of people coming in with debts and who have no support with their loans and their mortgages. This is not some sort of game. My constituents are suffering and unless she wants me to take back to them the fact that there is complacency in the Government, can we have some real solutions, please?

**Yvette Cooper:** Let me say to the hon. Lady that we believe that this is very serious. It is exactly right to provide additional support to businesses and families across the country, and to use Government support to help people. The hon. Lady's party opposes that. Her party repeatedly denies the economy the support it needs and it is not prepared to put in the additional investment that the economy needs. She needs to recognise the importance of being prepared to put your money where your mouth is in order to support the economy at a time when it needs that support.

The biggest bank in the world would have defaulted on its loans if the US Government had not stepped in. Governments across the world were right to step in and prevent the banking system from collapsing and they were right to step in to ensure that banks are strong enough to withstand the global recession and to start cleaning up banks so that they can get lending to businesses and first-time buyers going again.

The shadow Chancellor has also dismissed the significance of global action and has said that it has limited effect, yet at a time when world trade has dropped so substantially, when the world economy is contracting for the first time since the second world war and when poorer countries are at even greater risk, only co-ordinated global action can get us through. Japan, Germany and Italy are all in deeper recession than the UK.

**Mr. Redwood** *rose—*

**Yvette Cooper:** I am quite happy to give way to the right hon. Gentleman now that he is awake.

**Mr. Redwood:** The right hon. Lady might want to correct the record. I have followed every word in this debate and it is quite wrong of her to mislead the House in such a way.

Will the right hon. Lady now answer the real question? How much money have the Government spent, committed and guaranteed on the bank support programme so far and what have we got for it?

**Yvette Cooper:** I am glad to know that the right hon. Gentleman concentrates so hard with his eyes closed and his shoulders shrugging. I was asked about the

*[Yvette Cooper]*

asset protection scheme, the which we have set out details of and put into place. I was also asked about the recapitalisation that took place earlier in the year. In exchange for those, we have lending agreements that have been signed up to by the major banks. For RBS, the agreement is worth £25 billion of additional lending, and for Lloyds it is worth £4 billion of additional lending. The right hon. Gentleman will recognise that we cannot get banks lending if they do not stand up in the first place. That is why it was so important to prevent the banks from going under earlier this year.

**Mr. Michael Fallon** (Sevenoaks) (Con): Can we come back to the enterprise finance guarantee scheme? Is the Chief Secretary aware that the Kent and Medway branch of the Federation of Small Businesses has written to me, saying that

"awareness of the scheme is patchy—among both business and, somewhat disappointingly, high street banks themselves."

Why are not these schemes better known and working properly in our constituencies?

**Yvette Cooper:** I am glad that the hon. Gentleman, unlike some of his hon. Friends, concedes that the scheme is up and running and is providing support for businesses. I agree that I want to see us do more to ensure that businesses are aware of it. I point him towards the Government's new "Real help now" website, which provides substantial additional information that he can distribute to his constituents and to businesses across the community. We all have an obligation to ensure that our constituents and businesses in our areas are aware of the additional help that is available. Unfortunately, that additional help is not supported by Opposition Members because they are not prepared to put in the investment or the finance to support it.

**Mr. Peter Bone** (Wellingborough) (Con): It is very good news to hear from the Chief Secretary that the scheme is in place. Can she tell us how much has been lent?

**Yvette Cooper:** Lending is already in place for a series of different schemes. For example, 90,000 businesses have already had tax worth £1.5 billion deferred as a result of measures that have been in place since the pre-Budget report. Again, that measure was opposed by the Opposition, because they are not prepared to put the money in to give the economy the help that we need.

**Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): One of the success stories of the UK economy has been the north sea oil and gas industry, which has more than 500,000 jobs, has provided a third of corporation tax revenues this year and makes a contribution to the security of our energy supply. The big challenge is that the new companies that have been driving the exploration were reliant on the lending from the banks that has dried up and has still not come back. One proposal from the industry, which we should look at constructively, is to bring forward the tax relief that it receives on exploration so that it is payable up front to encourage more cash flow and to get the industry investing again. That would keep the industry going through this trough so that it is there when the economy picks up.

**Yvette Cooper:** The hon. Gentleman is right to point out the concerns that have been raised by a series of different major investors about the fact that companies need to invest for their future and for all of our futures and about the pressure that has been put on them by the global credit crunch. I am certainly happy to take the hon. Gentleman's comments as a Budget representation and to pass them on to other Ministers in the Treasury.

In the 1930s, Governments and central banks across the world fundamentally failed to rise to the economic policy challenges of their day. The consequences for economic prosperity and political stability were devastating. That is why we and other Governments are so determined that we will act together this time, with co-ordinated action to safeguard the banking system, boost our economy, tackle tax havens and tackle international regulation, too.

**Mr. Heald:** The right hon. Lady has not mentioned consumer confidence. With repossessions going up, mass unemployment and holes in people's pension funds as a result of the falling stock market, does she accept that there is a sense of insecurity in the country from the cradle to the grave? What are she and her Government doing in delaying the schemes on homes and jobs that would make a difference?

**Yvette Cooper:** The hon. Gentleman is right to say it is important to support consumer confidence. We have to do more to put more money in people's pockets at a difficult time and to help to support the economy in different ways. That is the approach that we are taking, through both monetary and fiscal policy. Sadly, it is not supported by his party.

The Conservative party is the only party in Europe that refuses to back extra Government fiscal action to help our economy. Yesterday, the Governor of the Bank of England said that we need

"a growth of nominal demand sufficient to reverse the extraordinarily steep and simultaneous downturn in output around the world."

That means using monetary policy to boost the economy. As a result of the legal framework that we set out for the Bank of England in 1997, it has a duty to prevent deflation as well as inflation. That is why it has cut interest rates significantly, and that has put hundreds of pounds a month back into the pockets of mortgage holders. With the support of the Government, the bank is now using £75 billion to increase the money supply by buying further assets in the market. That is already having an impact on the markets.

**Mr. John Baron** (Billericay) (Con): The Chief Secretary to the Treasury has been somewhat dismissive of the concerns of those hon. Members who have given examples of where credit has not got through. What would she say to third parties such as the Federation of Small Businesses or the chamber of commerce in Essex? Time and again, their surveys show clearly that credit is not reaching profitable, viable businesses and that jobs are suffering as a result.

**Yvette Cooper:** The hon. Gentleman is simply wrong. In fact, I am very concerned about the lack of credit for important and viable businesses, and that is why we are taking a series of steps and measures to try to support them and help them to get the credit they need. However, I remind him that the credit crunch is global, and that

there has been a reduction of £100 billion in the lending in this country by foreign financial institutions. Near my constituency, for example, an important development for the area has been jeopardised because the Anglo Irish bank has pulled out.

Right across the country, there has been a reduction in lending as a result of the credit squeeze and of the fact that banks are no longer lending to each other. What do we need to do? We need to get banks lending again, and we are taking a series of measures to do that.

The first such measure, obviously, was to make sure that the banks were still standing. Without banks, there can be no bank lending. Our recapitalisation of the banks in October was critically important to keeping them lending. The Opposition supported that at the time, but they have prevaricated since then. They have made it clear that perhaps they no longer support what I believe was a hugely important measure to support our economy's financial stability.

The second measure was to make sure that the banks were strong enough to withstand what is now a global recession. We had to be certain that they were strong enough to deal with their capital and liquidity problems, and with their toxic and problem assets. For that reason, we have put in place the asset protection scheme, which has very clear and binding lending agreements. As a result, banks are now pledged to deliver more lending to businesses and mortgage holders in the coming financial year than they did in the preceding year.

We need to monitor those lending agreements to make sure that the money gets out to businesses, in the constituency of the hon. Member for Billericay (Mr. Baron) and across the country. They need that money, as does our economy.

**Mr. Brian Binley** (Northampton, South) (Con): Will the right hon. Lady give way?

**Yvette Cooper:** We have also put in place further measures, such as the enterprise financial guarantee scheme, to support small businesses that are especially in need of help. We are working on further proposals, including through the working capital scheme, to put additional support into the economy.

**Mr. Binley:** Will the Minister give way on that point?

**Madam Deputy Speaker:** Order. The Minister is responding to an earlier intervention.

**Mr. Binley:** But she is wrong!

**Madam Deputy Speaker:** Order.

**Yvette Cooper:** Thank you, Madam Deputy Speaker. I have to tell the House that there will be no single quick fix for the problems that we face. Japan's manufacturing output has fallen by 40 per cent. in three months, and countries across the world are being hit in a very substantial way by the global credit crunch. Only by taking major action on a series of different fronts will we be able to support our economy through these difficult times.

That does not simply mean taking action on the banking system and credit, hugely important though that is. It also means that we have to take action through monetary policy and the Bank of England's ability to bring down interest rates—

**Mr. Binley:** Will the Minister give way now?

**Chris Huhne** (Eastleigh) (LD): Will the Minister give way?

**Yvette Cooper:** I will give way to the hon. Member for Eastleigh (Chris Huhne).

**Chris Huhne:** I am very grateful to the Chief Secretary for giving way. A number of hon. Members are clearly worried, not about the announcements of guarantee schemes but about their delivery and the extent to which credit is getting through. I know from my own constituency surgery how large the problem is, so will the right hon. Lady undertake to give us the figures on the amounts that have been lent under these schemes? Will she do so on a regular, monthly basis as part of the monetary statistics that are published by the Bank of England? In that way we can assess how much credit is getting through to businesses.

**Yvette Cooper:** The hon. Gentleman asks an important question, and I shall give him some examples. It is clear that we need to be able to make sure that the lending is getting through, but we must also recognise that the scale of the withdrawal of credit by foreign institutions in this country means we must do a huge amount of work on a range of different fronts. That is why it is important to look beyond bank lending and lending to business to find other ways of supporting demand in the economy through this difficult time. I know he would agree with that.

The hon. Member for Eastleigh asked for details of some of the specific schemes. For example, additional funding from the European Investment Bank of over £300 million was for small and medium-sized enterprises in November's pre-Budget report. That has now been approved, while the enterprise finance guarantee scheme is in the middle of processing 400 loans, worth over £40 million, to businesses that otherwise would not be able to access funding. The commitments made as a result of the asset protection scheme amount to £25 billion from Royal Bank of Scotland and £14 billion from Lloyds. That is in addition to the further lending that Northern Rock has committed to.

One of the most important schemes that we have put in place is the one that allows businesses to defer taxation. So far, 90,000 businesses have taken the opportunity to defer £1.5 billion and have been able to get additional support as a result.

**Mr. Binley:** Will the Chief Secretary give way?

**Yvette Cooper:** I will give way to the hon. Gentleman. He has been so persistent, and I shall worry about his health if he has to jump up and down with indignation too many more times.

**Mr. Binley:** The Minister is always kind and gentle with me, and I am most appreciative. She has talked about the impact on small businesses of the Government's loan schemes, but I remind her that on 13 March the Minister for Employment Relations and Postal Affairs said that 26 applications had been approved and that loans were "being made". I take that to mean that not one loan under that scheme has so far got through to small businesses. Will the Minister explain that?

**Yvette Cooper:** I have just updated the hon. Gentleman and the House on a series of different schemes, and in particular on the additional lending that has been put in place already. However, I repeat that we face difficult and unprecedented circumstances. That is why it is right to increase support for additional lending, and to look at other ways to support the economy and the level of demand within it.

I say again to the House that we can put such schemes in place only if we are prepared to put the funding in. Time and again, Opposition Members have refused to support the investment and the Government action needed to deliver any support to households or businesses across the country.

**Sir John Butterfill:** Will the right hon. Lady give way?

**Yvette Cooper:** I must make a little progress and set out the additional support that we have put in place to help people through these difficult times. For instance, 12 million pensioners have received £60 each since Christmas, but that was opposed by the Conservatives. Moreover, 7.5 million families have received an increase in child benefit, another move opposed by the Conservatives. We have increased the investment in the Warm Front scheme so that more homes can be insulated, but that has been opposed by the Conservatives too. *[Interruption.]* Opposition Members can shake their heads, but such measures are all part of the fiscal stimulus that their party has opposed. Millions of households are benefiting by an average £20 a month as a result of the cut in VAT. That reduction was supported by the Institute for Fiscal Studies, which has said that it is in effect equivalent to a cut of around 1 per cent. in interest rates.

**Sir John Butterfill:** Will the Chief Secretary to the Treasury give way?

**Mr. John Randall** (Uxbridge) (Con): Will the right hon. Lady give way?

**Yvette Cooper:** I am tempted to give way to the hon. Member for Uxbridge, because he has finally woken up. However, I promise that I will give way to the hon. Member for Bournemouth, West (Sir John Butterfill) in a second.

**Mr. Randall:** Perhaps the right hon. Lady does not appreciate what it is like to run a business. I have a retail business with 30 employees, and I see how complacent and useless the Government are. I sometimes lay awake and find it difficult to sleep at night as I have 30 people's jobs to worry about. I see that only 15 Labour Back Benchers are here to discuss this important issue. I cannot understand why the country does not realise that her party is not interested. However, my question is on VAT. Will she now acknowledge that the reduction in VAT was a gimmick that helped no one, and was a burden on retailers?

**Yvette Cooper:** Let us just deal with the specifics of the VAT cut. It means that at the end of each month, households across the country will be better off by an average of £20. The VAT cut is supported by the Institute for Fiscal Studies, which said that the effect is equivalent to an interest rate cut of around 1 per cent. Indeed, a VAT cut benefits everyone, unlike a cut in interest rates, which obviously has a different impact on savers and borrowers. It therefore has a fairer impact than simply using monetary policy to support the economy. The Office for National Statistics has said that price cuts have been passed on to consumers in 70 per cent. of cases, and Goldman Sachs has argued that the VAT cut is already having a beneficial impact on retail sales. It is right to support the economy, and to put that extra investment in. As a result of the measure, we are already getting billions of pounds of extra money into our economy. We believe that it is right to help the economy through a difficult time.

**Sir John Butterfill:** May I raise a different subject with the right hon. Lady, namely the impact that the changes in the discount rate are having on pension schemes? The deficit arising from reductions on the stock exchange is dwarfed by the deficit arising from changes in the discount rate. People are now technically much more in deficit than they were. That is creating a problem for the pensions regulator. It is also creating another potential problem, which I have discussed with the Pension Protection Fund. Unless something is done about that technical problem, firms will go under because they cannot sustain their pension scheme. Otherwise viable companies will be asked by the PPF for contributions that are wholly unaffordable. We need a longer perspective; we need a moratorium until we get out of this situation, if we are to keep some of the companies concerned alive.

**Yvette Cooper:** I know that the hon. Gentleman has great expertise in pensions, and that Ministers at the Department for Work and Pensions have been looking into the issue. I am happy to discuss it further with him, if he has not been able to discuss it with them directly. He is right: the contraction in the world economy and in the financial markets is having an impact not simply on stock markets, but on pension schemes right across the economy. That is why it is so important that we all pull together and do everything we can to get not just our economy but every economy right across the world moving again.

**Mr. Jeremy Browne** (Taunton) (LD) *rose—*

**Yvette Cooper:** I will give way to the hon. Gentleman, but then I need to make some progress.

**Mr. Browne:** I am grateful to the right hon. Lady for giving way. Millions of people across the country will be relieved to hear that the Government predict that the economy will be in recession only for another three and a half months, and will start growing again at the beginning of July. Will she take this opportunity to say whether that is still the Government's position?

**Yvette Cooper:** As the hon. Gentleman knows, the Chancellor will set out his forecast in the pre-Budget report in the normal way. The Bank of England has forecast growth in the economy next year, and the Chancellor will update the House as part of the pre-Budget report.

We have already set out a series of extensive measures to support the economy, including action to help pensioners, families, businesses and households right across the board, and it is true that there is more to come. We have made it clear that we will do more. We have new

programmes that are about to be implemented, which will give people extra support. We will go even further, because we believe in doing so, and the Conservative party does not. It is not prepared to fund such measures. Time and again, it has said that it would not be prepared to make the investment that is needed to support the economy.

In April, an increase in tax allowances, worth £145, is to come in. There is to be an increase in pensions of £4.55 a week, a new health in pregnancy grant, and £1.2 billion extra for jobcentres, to help to get people back to work. That £1.2 billion was opposed by the Conservatives. There are to be new recruitment subsidies for those who have lost their jobs; that was opposed by the Conservatives. There are to be new apprenticeships for school leavers; that was opposed by the Conservatives. There is to be £3 billion of extra capital investment to support thousands of jobs. There are to be repairs to primary schools, new roads and new homes; that was opposed by the Conservatives. Extra help for mortgage holders to prevent repossessions, and extra help for businesses through the new schemes, were all opposed by the Conservatives. All that help is being introduced in a mere matter of months, but it was opposed by the Conservatives. They call for more, but they want to spend less.

Let us look for a second at the only measure that the Conservatives have proposed: a national loan guarantee scheme, which completely collapses under scrutiny. They are confused; they have not said whether they are guaranteeing new loans or existing loans. They will not price on risk, yet they claim that no losses will be made. That is simply not credible. They claim that the scheme can be introduced straight away, yet they have given no proper detail. Most important of all, they have not been prepared to put any money behind it. The shadow Chancellor claimed that the scheme

"does not add to public expenditure."—[*Official Report*, 18 December 2008; Vol. 485, c. 1228.]

However, last week, the shadow shadow Chancellor said that if anything goes wrong with the guarantee, the taxpayer will take some of the hit. The truth is that the scheme would cost money if carried out in the way proposed by the Conservatives, but they are not prepared to put any cash behind it. Time and again, they refuse to do what is right for Britain because they are ideologically opposed to Government action and Government investment.

**Mr. Gummer:** If the Government are doing all these wonderful things, why has the International Monetary Fund said that the recession will last longer in this country than in any comparable economy? Is it not a fact that although this is a world recession, the Government have caused our recession to be a great deal worse than that in any other country to which we would compare ourselves?

**Yvette Cooper:** If the right hon. Gentleman looks at the facts so far, he will see that the drop in growth has in fact been steeper in Japan, Germany and Italy than in the UK. Obviously, as we all know, the problems started earlier in the US; it has been experiencing economic difficulties for much longer. London is one of the greatest financial centres in the world, so of course that means that the financial sector will be affected by the global credit crunch. Nevertheless, all countries across the world are being affected, although they are often in very different circumstances and often have very different kinds of economies. The key question is: are we prepared to take the action that is needed to do something about the matter?

**Patrick Hall:** My right hon. Friend mentioned that one needs to believe in action in order to pursue it. One also needs to understand the problem. She will have noticed that every time she mentioned the global nature of the credit crunch, her words were met by derisive calls from the Opposition, who do not seem to understand or accept the global nature of the problem. May I therefore ask her how she thinks the G20 will provide an opportunity to address one of the glaring problems that we face, namely the lack of international oversight and regulation of capital flows?

**Yvette Cooper:** My hon. Friend is right. The fact is that no matter how tight the regulatory system is in any one country, no country could escape the impact of the global recession because of the interconnectedness across borders, and the way in which credit flows across borders. He is right: we need greater international co-operation and greater international regulation to look at those sorts of cross-border flows.

**Mr. Philip Dunne** (Ludlow) (Con): Will the right hon. Lady give way?

**Yvette Cooper:** I am sorry, but I will make some progress. Conservative Members do not understand that if we do not act, it will cost us more. If, in the early '90s, the Conservatives had provided something similar to the fiscal boost that we are providing, they could have saved 300,000 jobs. If they had done something similar in the early '80s, they could have prevented an entire generation from being scarred by long-term unemployment. It is worse than that: they do not want simply to do nothing—they want to make things worse. They want to cut £5 billion from public spending at the end of next month. That means cutting spending on housing by at least £800 million from next month, just when the construction industry is in real difficulties. That is the equivalent of 10,000 new homes for social rent. They want to cut the budget for training and science. They have said that they would restrict it to 1 per cent. That means cutting it by at least £900 million from next month, at a time when young people need extra support. That is the equivalent of cutting 220,000 apprenticeships. They want to cut investment in transport infrastructure just when we need to invest in the infrastructure for the future.

That is complete economic madness. In the words of the winner of the Nobel prize for economics, Paul Krugman:

"Renouncing a fiscal stimulus when private spending is contracting is strange. Governments have very few tools at their disposal, and Cameron does not want to use them."

**Several hon. Members** *rose—*

**Yvette Cooper:** I have given way considerably.

We entered this financial crisis with one of the lowest levels of Government debt of any major country, and even after the action we have taken, we are still forecast to have lower debt than most of our major competitors. That is why we can act now. It means we will have to take action to bring borrowing back down in future

*[Yvette Cooper]*

years, so yes, we will introduce a new top rate of tax and cut tax-free allowances for those on over £100,000. Yes, we will expect the public sector to deliver even greater efficiencies to support the economy in future. But here is the difference between us. Whereas we will introduce a new top rate of tax and a new law to help to cut child poverty, the Opposition want to introduce inheritance tax cuts for millionaires and cut the Sure Start scheme—our priorities, compared to theirs.

Last year, the Chancellor asked Lord Turner as the new chair of the Financial Services Authority to look again at our regulatory framework and to put forward more reforms for the future. His report, and the Government report "The Road to the London Summit", outlines many of the problems that led to the financial crisis, and the need to take action now to deal with those problems for the future. We welcome Lord Turner's report—

**Mr. Gummer:** On a point of order, Madam Deputy Speaker. Is it in order to quote from a document that has been produced today, but not provided to the House? That is what the Minister is doing.

**Madam Deputy Speaker:** I dealt with that point of order earlier in the debate.

**Yvette Cooper:** May I point out that the shadow Chancellor quoted from the document in question?

**Several hon. Members** *rose—*

**Yvette Cooper:** I give way to my hon. Friend the Member for Edmonton (Mr. Love).

**Mr. Love:** I thank my right hon. Friend for giving way. Picking up on the theme of the shadow Chancellor's speech, are not those who should apologise to the House the Opposition Back Benchers who called for deregulation and further deregulation right up until the credit crunch hit?

**Yvette Cooper:** My hon. Friend makes an important point. I shall come to the challenges that led to the global credit crunch.

I give way to the hon. Member for Na h-Eileanan an Iar to whom I have not yet given way.

**Mr. MacNeil:** I am grateful to the right hon. Lady for giving way. Unemployment has passed the landmark of 2 million. Some people reckon that in the next year unemployment will reach 3 million, an increase of 50 per cent. Is this the right time to introduce £1 billion of cuts to Scotland, as well as to Wales and Northern Ireland? Cutting the budgets of the Scottish, Northern Ireland and Welsh Governments is the exact opposite of a fiscal stimulus.

**Yvette Cooper:** That is why we are not doing that. In fact, we are increasing the investment over the next two years by £2 billion in Scotland, because we think it is right to increase investment in Scotland, in Scottish jobs and in support for training and for services in every corner of the country.

Returning to the Turner report, we will issue a White Paper which sets out further proposals. As the shadow Chancellor said, we need banks to be boring again, we need banks to get back to basics, and we need bankers to stop behaving like masters of the universe.

The shadow Chancellor would have us believe that his party would have been more likely to prevent these problems in the first place. I want to test that idea and show what astonishing nonsense it is. The idea that the Conservatives would have proposed stronger international regulation of the financial system in Europe or globally is a joke. While we have been working with European and global partners to agree reforms, they are busy pulling out of Europe.

The idea that the Conservatives would have proposed stronger financial regulation here at home is even more of a joke. Here is what the shadow Chancellor said just before the credit crunch started:

> "Regulation . . . inhibits enterprise. For example, speak to any business in financial services—from the largest investment bank to the smallest independent financial adviser—and the threat of future regulation from Whitehall and Brussels is now their number one concern."

As for the shadow Chancellor's comments about household debt, house prices and the increased lending in the mortgage market, what were the Conservatives calling for before the credit crunch started? They were calling for limits on house building, which would have pushed house prices up further, a cut in stamp duty, which would have pushed house prices up further still, and an end to mortgage regulation altogether. The fact is that the Opposition fought against all our regulation. Their policies would have made the problem worse.

**Mr. Osborne:** I am grateful to the Chief Secretary, who was quoting what people were saying just before the credit crunch. Let me quote what the present Secretary of State for Children, Schools and Families said in October 2006. He said:

> "Some have suggested that given their central role in the economy, it would be appropriate to treat banks just like utilities—to subject them to . . . onerous rules on how they interact with their customers. The alternative approach—and the one I favour—is to rely on market forces and competition policy to promote efficiency through open and competitive markets".

By the way, in the same year the Prime Minister heralded "a new golden age for the City".

Perhaps the right hon. Lady should have a word with her husband and with her Prime Minister.

**Yvette Cooper:** I will have a word.

The hon. Gentleman is talking about people who were putting forward regulations that he fought against. At the time that he is talking about, the present Secretary of State for Children, Schools and Families and the Prime Minister were pressing forward with regulations that his party opposed repeatedly, at every stage. When the Labour party introduced stronger and tougher regulation, the Conservatives opposed it, time and again. I agree that we need to go further and introduce stronger regulation. That is why we commissioned the Turner report.

**Mr. Redwood** *rose—*

**Yvette Cooper:** I am delighted to give way to the right hon. Gentleman who championed less regulation and wanted to abolish mortgage lending regulation altogether.

**Mr. Redwood:** If the right hon. Lady tried reading the report, she would see that it said we needed tougher regulation of capital and cash, which the Government singularly failed to provide, and less regulation of process, which did not stop a single dodgy mortgage.

**Yvette Cooper:** In his report, the right hon. Gentleman argued for a complete end to mortgage regulation.

**Mr. Geoffrey Robinson:** It might help my right hon. Friend if I read from the report largely authored by the right hon. Member for Wokingham (Mr. Redwood). He wrote—this is with the full authority of the final report of the Conservative party economic competitiveness policy group:

"We see no need to continue to regulate the provision of mortgage finance"—

*[Laughter.]* The best bit is yet to come. The report goes on to say that

"it is the lending institutions rather than the client taking the risk."

**Yvette Cooper:** Hon. Members seem to be laughing at my hon. Friend. Do they realise that he is quoting from the Conservatives' report, which called for—*[Interruption.]*

**Madam Deputy Speaker:** Order.

**Yvette Cooper:** The Conservatives report called for an end to mortgage regulation just a month before the credit crunch began. That is shocking, at a time when we need to increase regulation. The Conservatives have continued to oppose the tougher regulation that we need, and they have opposed the action and the investment that we need to get our economy through difficult times.

We have a fundamental difference in philosophy. We believe in internationalism and in working with our international partners in Europe, in the US and across the world. The Conservatives would pull out of Europe and would be isolated in their economic strategy. We believe that when markets fail, it is right for the Government to step in, support people and help them through. They believe in rolling back the state and cutting help for people. Only a few months ago, they were saying they wanted a Government who got off people's backs. What they meant was a Government who turn their back.

**Mr. MacNeil:** Will the Chief Secretary give way?

**Yvette Cooper:** We believe that when things get tough, we need to pull together to get through, not leave people to sink or swim alone. We believe that we need to help those who are hardest hit with extra support whereas they want—

**Hon. Members:** Give way!

**Madam Deputy Speaker:** Order. It is entirely dependent on the Minister whether she gives way. She has made it clear that at this point she is not giving way.

**Yvette Cooper:** Thank you, Madam Deputy Speaker.

Conservative policy would be devastating for the British economy. Instead of helping those who are hardest hit, the Conservatives simply want to help millionaires. Just as they did in the '80s and '90s, they want to turn their backs on people who need help. We will not do that. We will keep supporting British business and British families with the help that they need to get through. That is why we reject their motion today.

**Madam Deputy Speaker:** I remind right hon. and hon. Members that Mr. Speaker has imposed a 12-minute limit on the contributions of Back-Bench Members.

2.59 pm

**Dr. Vincent Cable** (Twickenham) (LD): I agree with the argument of the Conservative shadow Chancellor and his colleagues that the Chancellor of the Exchequer should be here. We have had two very important announcements on economic matters, one on unemployment and one on a fundamental reform of financial regulation, each of which independently would have justified the Chancellor's presence, and he should really be here. We know that he has a hard time fending off calls from No. 10 Downing street, but that is not an excuse for not reporting to Parliament. Therefore, I totally support that point.

The central point to be made on the motion is that the enormous gap between the rhetoric and the action is in many respects true. In some ways, the motion understates the case. To take the problem of repossessions, the Government have four schemes, not just one—none of which, as far as I can establish, is properly operational—plus an empty property clearing house, which does not seem to be working with any volume, and a social housing building programme, which is virtually at a standstill. So even if we take one narrow area, there is very little progress to report.

**Yvette Cooper:** I am sorry to intervene so soon in the hon. Gentleman's speech, but in fact interest payments on mortgage interest have been in place since January, and the mortgage rescue scheme is also in place, with housing associations and local councils able to use it now.

**Dr. Cable:** The schemes have been institutionally established, but the question is whether people are benefiting from them. Even the most optimistic in the housing sector are saying that at the very most at the end of this financial year, 10,000 to 12,000 of the 75,000 repossessed households will have had access to these schemes. I hope that it is more, but that is the position.

However, there are occasions when it is desirable that there is a gap between the rhetoric and the delivery. I am rather surprised that the Conservatives have thrown their weight so strongly behind the asset protection scheme, which is really a rather questionable commitment potentially of hundreds of billions of taxpayers' money to ill-defined potential losses from banks, some of which, as we have discovered during the past few days, are extremely reluctant to pay the British Government the taxes that are accrued here. I would be a little careful about rushing into the implementation of bad ideas, which the motion seems to imply.

As the Chancellor is not here, there is an opportunity to look at some of the ideas that the Conservatives are putting forward, and I will do so from the standpoint of curiosity rather than criticism. I will try to mix that with comments on Government policy. The Conservatives got off to a very good start this weekend when the Leader of the Opposition announced his proposal for Maoist self-criticism circles as a way of approaching past failures of ideology and judgment. We can probably all benefit from the therapy of confessing past mistakes. [Hon. Members: "Go on."] I am not sure that the

*[Dr. Cable]*

message has yet entirely percolated through to those on the Opposition Front Bench, which I will illustrate with reference to what I think is their central argument: that there is a general problem of debt.

There is a key phrase in the motion, which the Conservatives repeat often, so they clearly believe in it:

"including a build-up of government, corporate and personal debt which has left the UK more exposed than other countries".

Of course, Government, corporate and personal debt are fundamentally different; they are different in origin and in consequences. I can understand why spin doctors might have said to the Conservatives at some point, "This is all very complicated. Let's simplify the message. Debt is a bad thing", but such debts are different, and I hope that they appreciate that, because there are some important policy implications. It is useful to take the three bits and analyse them.

First, the Conservatives are absolutely right that there has been a dangerous and, in the UK's case, almost unique expansion of household debt to unprecedented levels—the highest in the western world, in relation to disposable income. However, I thought that I heard the Leader of the Opposition apologise on Sunday for not having spotted that until the last year. That was big-hearted of him, and he deserves credit for that. He would have been even more big-hearted if he had acknowledged that six or seven years ago Liberal Democrats were warning of precisely that problem. None the less, it was a big step forward. That is household debt, and we are now in agreement that that is a big problem lying at the heart of a lot of our difficulties. It is that model of a rapid growth in consumption fuelled by consumer debt, which the Conservative shadow Chancellor described, that is not sustainable.

Secondly, is it true that there is a problem of corporate debt in Britain? Clearly in one or two institutions there is. There was massive leverage in the investment banks and there was a business model in the private equity companies that was based on private debt, and it is right to draw attention to that. However, the shadow Chancellor may have forgotten that two years ago he appeared at the British Venture Capital Association and referred to private equity and its leverage in these terms:

"On these occasions, it is usual to praise your hosts and audience. Tonight that is easy. Private equity is a beacon of British excellence. The importance of your contribution to our economy is, I believe, rightly reflected in the tax treatment that you receive."

That was praise of a highly leveraged business model, but are the Conservatives saying that the hundreds of thousands of companies that belong to the Federation of Small Businesses and chambers of commerce and the members of the CBI are systematically over-leveraged or imprudent? Is there any evidence for that? I do not think so. Anecdotes suggest—I am sure that many Conservative Back Benchers will reflect this—that after British companies had their last bad experience of very high interest rates, most of them cut back substantially on their borrowing wherever possible. I just do not see the point about lumping corporate debt in with household debt; it is a fundamentally different problem.

If that is an issue, why are the Conservatives now promoting a loan guarantee scheme, the whole purpose of which is to guarantee additional debt for companies? I am not saying that it is a bad idea. It is a good idea, which deserves support, and I have supported it. It is not quite as simple and straightforward as they have argued, because it is complicated to asses risk, but it is fundamentally a good idea. But if debt is a problem for companies, why guarantee them to take on more? Would it not be more sensible to support debt equity conversions, or other forms of company financing?

**Mr. MacNeil:** The hon. Gentleman makes a good point. He refers to companies that were in his view perhaps under-leveraged, but they were prime pickings for the private equity houses to buy, to increase the leverage and to take a one-time benefit from that increased leverage. Does he have any suggestion to prevent that sort of behaviour in future?

**Dr. Cable:** I take a cue from the Conservative shadow Chancellor's comment about tax treatment. The logical course would be to withdraw interest relief. I do not know whether the Conservatives would go to such radical lengths, but that would be the solution, as well as the capital gains treatment, which is still favourable.

I want now to move on to the Conservatives' core criticism, which is at the heart of their economic strategy: the worry about public debt.

**Mr. Geoffrey Robinson:** Unusually, I am not following the hon. Gentleman's point. Is he saying that there will not be any need for, or we should not make available, subsidised or guaranteed loans, which are one and the same thing, in a recession, which is precisely the period when companies cash flow and profits drop because volumes drop? It is that period that the Opposition's ill-conceived or not yet explained loans scheme is designed to cover.

**Dr. Cable:** I do not think that the hon. Gentleman was listening; I said that I thought it a sensible idea. It is rapidly becoming redundant, of course, because if banks are nationalised, as some of the major ones now are, why would we want to guarantee their loans? That would be the state guaranteeing the state. None the less, the concept is right, and I have supported it and do support it; I hope that it comes into practice as quickly as possible.

Let me turn to the issue of public debt. Of course it is right—and the Conservatives are right to stress this—that, looking forward, there is a serious public financing problem. There is a major structural deficit arising from the collapse of income from the City and the housing market, and any Government will face very serious difficulties in reining in public expenditure in those circumstances. However, acknowledging that point is different from arguing that there is a legacy of excessive public debt.

The Government can make their own case, but it is simply a matter of fact that at the beginning of this crisis the level of public debt to GDP was less than it was at the end of the golden legacy of the right hon. and learned Member for Rushcliffe (Mr. Clarke). The shadow Chancellor said that such debt was potentially—he was talking about 60 or 70 per cent. of GDP—higher than ever in British history. I have a chart that covers the past 200 years, and it shows that only in the past 30 years have we gone anywhere near 50 per cent. of GDP.

National debt has been way in excess of current levels for much of our history. I was brought up during the era of Harold Macmillan; those were my formative years. *[Interruption.]* Actually, it was quite a good era for Britain; living standards rose. There is a lot to be said for that period of government. Supermac pointed out at the time that we had never had it so good. When he said that, public debt as a share of GDP was more than 100 per cent., twice the current levels. [HON. MEMBERS: "That was because of the war!"] Of course it was an inheritance from the war, but it was not a crisis in itself.

**David Davis** (Haltemprice and Howden) (Con): May I ask the hon. Gentleman a question about that very point? As he and I have discussed before, one of the problems is Government creditworthiness. At the point that he was describing, sterling was a reserve currency, which it is not now. Therefore issues of creditworthiness are higher now than they were then.

**Dr. Cable:** The right hon. Gentleman is right, and that is the correct answer to my point. We now have international capital markets so we have to be much more sensitive to the ratios. That point is totally correct, and I accept it. However, it is simply not true to say, as the right hon. Gentleman's colleague has been saying, that these are the highest levels of debt in British history. That is complete nonsense.

We have to be conscious of the issue of international markets, and I entirely accept that point. However, if there is an issue in international markets, perhaps the Conservatives will tell us the danger level for public debt—is it 60 or 70 per cent.? What is the trigger point at which it becomes dangerous?

**Mr. George Osborne:** With the greatest respect to the hon. Gentleman, I think that he is confusing his argument about overall debt levels—which, of course, are climbing rapidly—and my argument about the level of the budget deficit. That is indeed at a peacetime high and, as I said in my speech, was forecast in the pre-Budget report to be 8 per cent. Many now suspect that it is at 10 per cent. or higher; we will find out in the Budget. That is the serious problem that the country faces. We went into the downturn after a long period of economic growth carrying a 3 per cent. budget deficit and climbing public debt. That was the problem.

**Chris Huhne:** We are talking about debt, not deficit.

**Mr. Osborne:** Deficits contribute to debt.

**Dr. Cable:** We are getting to the bottom of the confusion, which I do not think is mine, to be fair. There is a big deficit, and it is a structural one, and we need to be careful about it for exactly the reason given a few moments ago. However, to assert, as the shadow Chancellor often does and as this motion does, that there is some massive legacy problem from past debt is complete nonsense. The hon. Gentleman should argue his point much more accurately in future if he is to be taken seriously on this issue.

**Mr. Redwood:** Does the hon. Gentleman agree that if we had to account for the state as companies now have to account, we would have to include pension liabilities and consolidated major shareholdings? That would produce a balance sheet of £4.5 trillion.

**Dr. Cable:** That totally ignores the other side of the balance sheet. The banks will have to be, and should be, reprivatised in—I do not know—about eight or 10 years' time. As the right hon. Gentleman knows perfectly well, when they are, all those assets will be realised. So the debt liability is completely different from the debt accrued as a result of previous deficits. The right hon. Gentleman, who is probably one of the most financially sophisticated people in the House, should surely realise that distinction.

The obsession with the legacy of debt seems to be inhibiting Conservative Front Benchers in taking what seems to me to be simply a realistic view about the need for a fiscal stimulus. The view that they take—that one should not have a fiscal stimulus over and above the automatic stabilisers—is so extreme. I do not think that any other country in the developed world now takes that view. I managed to unearth only two from the International Monetary Fund: the first is Argentina, which is in the middle of a financial crisis, and the second is Switzerland, which is not allowed to have a fiscal stimulus for constitutional reasons. The Conservatives are arguing for a policy of complete abstinence when it comes to additional fiscal stimulus. That seems utterly wrong during a crisis of this kind.

Most of the burden of fighting the recession is being carried by monetary policy. That is absolutely right; we are seeing the implementation of the ideas that Mrs. Thatcher, as she then was, brought in with Professor Walters and the others—of concentrating on interest rate cuts, expanding money supply and letting the exchange rate float. Fundamentally, that is how the British economy is being driven and that is right. However, it seems entirely sensible to put on top of that a modest fiscal stimulus, and I do not understand why the Conservatives have locked themselves into a completely reactionary position.

The fiscal stimulus is small—less than 1 per cent. of GDP—and the Conservative party is unique among parties in the developed countries of the world. Moreover, its position is blinding the party to the real criticism. The proper criticism was tellingly made by the hon. Member for Uxbridge (Mr. Randall) from his standpoint as a business person: it was that the value added tax cut was entirely the wrong way to do it. The Chief Secretary to the Treasury has tried to give a defence of it, but I do not think anybody believes it. It would have been much better to have used the money in targeted public investment. Everybody can make up their own list, but we, for example, argued for social housing, home insulation programmes and public transport—things that could be mobilised quickly. At the end of that investment, we would have had an asset. That would have been a better approach. It is much better to criticise the Government from the standpoint that the VAT cut was a wasteful, foolish way of giving a stimulus than to say that we should not have any kind of fiscal stimulus at all. That is the dividing line.

**Mr. George Osborne:** I struggle to understand the hon. Gentleman's position. In November—that is, post the Lehman Brothers collapse and post the drop-off in demand across the world—he said, when talking about a stimulus, that it

"should be funded. There are dangers in doing what I believe the Government propose, which is to have an unfunded tax cut, which I understand would be financed by Government borrowing...We need a stimulus that will be funded"—[*Official Report*, 10 November 2008; Vol. 482, c. 499.]

**Dr. Cable:** That is absolutely right. I was talking about tax cuts and had argued, as I continue to argue, that there should be a tax cut for people on middle and low incomes. We continue to express that view and to argue that the approach should be properly funded. We argued for a balanced approach to taxation combined with a fiscal stimulus in the form of public investment, and we continue to take that view.

**David Davis:** I am just posing this as a question; I do not actually know the answer. A few weeks ago, Paul Volcker made a speech about the intrinsic problems of the American economy. One of the things he said was that in the past decade, there had been a sharp increase of about 5 per cent. in aggregate expenditure—that is, public and private and capital formation put together—to the point of about 105 per cent. of GDP. We have the same situation; for us it is about 103 per cent. One of the points about the external borrowings is that they constrain what we can safely do before running into the creditworthiness problem. How would the hon. Gentleman get around the fact that spending got us into this problem and that spending therefore may not take us out in a safe manner?

**Dr. Cable:** The serious argument is that if we do not have a productive fiscal stimulus of some kind and do not take people out of unemployment, which is what a fiscal stimulus tries to do, the Government will then be borrowing to keep people unemployed instead of borrowing to keep them in work. A fiscal stimulus is a much better way of using the Government's balance sheet and borrowing capacity than just allowing unemployment continue to grow—which the Government then have to continue to finance.

**Patrick Hall:** I understand that the IMF has declared that the entire package of fiscal and monetary stimulus in this country is worth 3.4 per cent. of GDP, not 1 per cent.—the figure to which I think the hon. Gentleman referred. Will he comment on that? Does he think that 3.4 per cent. is a significant step worth taking?

**Dr. Cable:** I am puzzled by that number, which the Chancellor used on Monday. I checked up afterwards on where he had got it from. I think that he added together the VAT cut, which is less than 1 per cent. of GDP, to the bringing forward of public investment; I think that that is how he got that number. The problem is that that bringing forward of public investment is not happening for the reasons given by the Leader of the Opposition in Prime Minister's questions. We know that colleges in our constituencies have spent a small fortune doing feasibility studies or preliminary works, and that they have now been told by the Department for Innovation, Universities and Skills that they are not allowed to proceed. That public investment is being stopped and it will be clawed back during the next financial year of 2010-11. One asks a basic question about where the stimulus is and what will happen to it.

**Mr. Geoffrey Robinson:** I hesitate to involve myself in this economic seminar with the Liberal spokesman, but again, I did not understand—unusually—his reply to the shadow Chancellor's intervention. In November, the hon. Member for Twickenham (Dr. Cable) said that he wanted tax cuts on the one hand and stimulus on the other, and that tax cuts would, in some miraculous way, fund the stimulus. I do not get that at all. I did not hear an answer to what he was asked.

**Dr. Cable:** I apologise to the hon. Gentleman; I may be particularly inarticulate today. I thought that I made two very simple points. People may or may not agree with the policy, but we believe that there should be a tax cut for those on low incomes that should be fully funded by tax increases elsewhere on those who we believe should pay for it. People may disagree with that policy. They may think that it is impractical and that it has bad incentive effects, but what we are arguing is clear.

Let me move away from the economic seminar—we are getting rather bogged down in economics—and on to something a bit cruder and more straightforward, which is the role of the banking system. That is fundamental to the matter. We supported the Government five months ago when they embarked on the capitalisation of the banks. I have to say that we have become progressively disenchanted as it has become clear that the Government have taken on ownership and responsibility for the banks without having a clue as to what they will do with them, and without exercising any effective governance. The banks are still completely unclear as to whether their primary job is to lend more or to accumulate more prudential capital—they are torn between those objectives. The Government are not giving them clear instructions. They do not need to get involved with the administration of banks, where they obviously have no competence, but they should give them a basic sense of strategy. They have still not sorted out the appalling remuneration arrangements, and the Conservative shadow Chancellor was right about that. There does not appear to be any structure for dealing with those arrangements. We have a shocking situation where semi-nationalised, nationalised or guaranteed British banks seem to take it for granted that they have a perfect right to avoid paying UK taxes—there has been no effective attempt to clamp down on that—and five months after the beginning of the capitalisation programme, that is simply not good enough.

Another aspect of the banking issue is the future-looking exercise by Turner. I guess that most of us have not had time to read it in full, but we had a brief reprise of it from the Conservative Front Bench. Most of Turner's points are fairly uncontroversial. Clearly, the wrong model was pursued early on, but speaking as a veteran of the legislation relating to financial services, it is fair to say that there were not too many people on the Conservative Benches at the time who warned about light-touch regulation and its consequences, or about the problems associated with process regulation.

**Mr. Gerald Howarth:** May I remind the hon. Gentleman what he said just 10 years ago? [HON. MEMBERS: "Just!"] In his lifetime, that is merely a passing moment. He said:

> "No one is arguing for an increasingly severe, more onerous and dirigiste system of regulation."—[*Official Report*, 28 June 1999; Vol. 334, c. 55.]

So he was not in the camp calling for more dirigiste and heavier regulation. He was on our side, not on the Government's side.

**Dr. Cable:** I am glad to be welcomed to the Maoist self-apology system. Actually, I argued in 2000, at the time of the Cruickshank report—if the hon. Gentleman goes back to the *Hansard* record, as he was obviously primed to do, he will see this—that the banking system had to be more effectively regulated. I was the first person, and the Liberal Democrats were the first party, to argue that. I did so nine years ago, the year after I made the comment that the hon. Gentleman read out. I repeat, however, what I said 10 years ago: where institutions do not pose any systemic risk—and many of them do not—there is no justification for onerous, intrusive regulation.

**Mr. Howard:** Before the hon. Gentleman indulges in a further orgy of self-congratulation, will he concede that, contrary to what he just said—and as I shall demonstrate with chapter and verse if I am lucky enough to catch your eye, Madam Deputy Speaker—my party did warn about the transfer of responsibility for supervising the banking system from the Bank of England to the Financial Services Authority?

**Dr. Cable:** The right hon. and learned Gentleman is quite right. The Conservatives did do so, and from day one, they have been consistent on that point. I have never entirely seen the force of that argument, however, because the whole of the banking supervision section of the Bank of England moved, lock, stock and barrel, into the FSA. The name and label was changed, but the same people were there. It is a perfectly valid point, and he is right to say that the Conservatives consistently warned about it, but it is not clear that that in itself made an enormous difference.

**Mr. William Cash** (Stone) (Con): The hon. Gentleman said that he thought that the Turner report was somewhat uncontroversial. Does he agree with the report's proposal that we should have Europe-wide supervision of the regulation of banking and financial services, or does he have reservations about that?

**Dr. Cable:** I read that bit because I anticipated such an intervention. Turner says, and he is absolutely right, that regulation should remain nationally based. There is clearly scope for more effective European co-operation; the hon. Gentleman may remember the chaos that resulted from the Irish breaking free last autumn, with separate guarantees on banks. Surely he will acknowledge that there are some things the Europeans have to do together, albeit within a fundamentally national regulatory system.

Two major conclusions come out of the Turner report, one of which has already been mentioned. There is now general acceptance that the regulation of banks and bank lending has to operate on a counter-cyclical basis. The Conservative shadow Chancellor repeated that, and he is right; it is an important policy development. If he were more generous, he would acknowledge that my party was saying that five or six years ago, but none the less, we are on the same page, and that is the correct way forward. The other major issue that Turner is ambiguous about, unfortunately, is the much more important question of splitting banks so that the British Government and the taxpayer are not responsible for global banks, many of which have a large "casino" operation, as it was called by the Governor of the Bank of England. It is striking that it is not just distinguished Conservative Foreign Ministers and Chairmen of Select Committees who are arguing for a British version of what was called the Glass-Steagall approach; crucially, the Governor of the Bank of England has waded in, saying that that must happen. The only person on the record as opposing it is the Prime Minister, and I sincerely hope that the Government will take a fresh look at the matter.

**David Davis:** As the hon. Gentleman knows, I am a supporter of a British Glass-Steagall approach. Does he recognise that if we go down that route, it will allow much lighter regulation for large parts of the financial service sector, which is, after all, one of its main benefits?

**Dr. Cable:** The right hon. Gentleman is absolutely right, and some of the hedge funds, for example, continue to operate in a reasonably lightly regulated way, provided they have proper capital, if there is a system issue involved and provided that they are transparent. That is an important justification. It is not just a question of more severely regulating the retail operations of the banks.

**Mr. Redwood:** Will the hon. Gentleman explain why it was the independent investment banks without commercial banking arms that went bust or got into deep trouble in America?

**Dr. Cable:** That rather illustrated the fact that those independent investment banks, like the investment banks that were part of RBS—*[Interruption.]* There is the case of Lehman Brothers, but whether they were inside or outside banks, they were high-risk institutions that posed a great risk to the system. Separating them from conventional high street banking seems a necessary step to bring greater stability to that system. Of course the right hon. Gentleman is right that both independent and integrated banks posed that problem.

**Mr. MacNeil:** The hon. Gentleman mentions regulation. Perhaps he will recall the Prime Minister's speech to the CBI conference in 2005, which called for regulation to be limited and even suggested and hinted that perhaps there need not be any regulation at all. Would he care to speculate on whether that was a Stalin or a Mr. Bean moment?

**Dr. Cable:** I have already made the point about the balance of regulation, and I shall not pursue it.

Although it is important that we talk about bank structures and the rest, the key issue today is unemployment. That is why it is absolutely essential that we pursue two major objectives. One is getting lending flowing again. The Government now have no excuse for not doing that, because they already own two of the largest banks in the country directly. The other is having not just a stimulus for the sake of spending public money but a stimulus that is effectively targeted at job creation, using the potential that is available, particularly in the construction industry.

**Several hon. Members** *rose—*

**Madam Deputy Speaker:** Order. I remind hon. Members of the 12-minute limit on Back-Bench contributions.

3.30 pm

**Mr. Geoffrey Robinson** (Coventry, North-West) (Lab): What a pleasure it always is to follow the hon. Member for Twickenham (Dr. Cable). In a previous debate on a

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similar topic, I complimented him on his prescience on these matters, which as we have seen today is matched only by his omniscience. I compliment him also on the national reputation for both that he has built up. If he has been so consistently right throughout these difficult times, it can only be for the wrong reasons in some cases. That, of course, is the cardinal sin. Whatever the details of the past, it is not worth going into them today. I do not even want to get into whether the situation started in America or here, because no doubt that will be a matter for historians. For the moment, the point is surely what we are going to do to confront the biggest crisis for 100 years or perhaps longer.

The House has done itself a good service in its discussion of debt in this debate. It might have been a bit too technical, but underneath it is the fundamental point that we must consider: how serious are the debt levels that we have built up? Although debt will increase as a percentage of gross domestic product, all the best forecasts that I have seen are still projecting that when we are out of the recession in 2011 or 2012, we shall have a considerably lower debt as a percentage of GDP than Japan. The figure is out of all proportion there at more than 100 per cent., which is where we were under Supermac. I believe that the figure here will be less than that of the Germans and probably the United States as well. As a percentage of GDP, the figure is not so terribly frightening.

I take the point, however, that everybody has made about debt. The Chancellor spelled it out with great courage and good sense when he said that we would have to correct the deficit in the medium term, because it would not be sustainable for the level of debt to continue climbing during the recession. He said that it would not be tenable for the country to get into that level of debt.

The Tories have tabled a motion stating that we have to deliver on the promises that we have made, every single one of which they opposed—from Northern Rock and the reconstruction of the banks to the fiscal stimulus. The cheek of it is quite unbelievable. The Conservative party must reconsider its untenable position of now supporting the Government's policy and condemning them for not delivering it, and at the same time saying that it is not working. I do agree that there has been some delay in getting those measures into the marketplace.

**Mr. Cash:** The hon. Gentleman and I have had some altercations about the level of debt over the past few months. On 7 October last year, I disputed the figures given by the Chief Secretary when she said that debt was 37.3 per cent. of GDP. By the pre-Budget report the figure had risen to 43 per cent., according to Government figures. I believe that the hon. Gentleman described what I was saying at the time as apocalyptic nonsense, but does he not accept that the Office for National Statistics itself states in its current estimates that the amount of debt is a minimum of £2.2 trillion, which represents 150 per cent. of GDP? Can he not accept that from the ONS?

**Mr. Robinson:** I was making comparative judgments about other countries. If we treat their debt on the same basis as the Office for National Statistics treats ours, theirs rises pretty much in line with ours. I think that the hon. Gentleman was referring to the private finance initiative—*[Interruption.]* I beg to differ and we can continue the debate on another occasion.

**Mr. Cash** *rose—*

**Mr. Robinson:** I will not give way again—we have only 12 minutes and I want to concentrate on the one policy that the Conservative party has presented. They have clung to it and been almost mesmerised by it, but we know almost nothing about it except that it would encounter the same difficulties of implementation as our policies.

The Opposition propose to guarantee £50 billion to industry—that is a big number. They claim that they will rely entirely on the banks' commercial judgment to administer it. Who in their right mind would go to the country at this time and say, "We're taking £50 billion off you taxpayers, on top of everything else you had to put into the banks, and we're going to trust the banks unconditionally to administer it"? It would not carry any element of credibility. The Opposition must do better. *[Interruption.]* If the hon. Member for Runnymede and Weybridge (Mr. Hammond) listened, he would learn that the Opposition must establish criteria and get whatever collateral and the best security they can. I underline the latter point to my right hon. Friend the Chief Secretary.

One cannot dole out public money without taking whatever collateral one can get. I agree with my right hon. Friend the Chief Secretary that we will not get the best collateral in the current climate. We are in that position because assets are wobbly, cash flows are uncertain, unemployment is rising and it is difficult for companies to borrow in the normal way through bank lending. Banks have been smashed by their irresponsibility in the duff loans that they have made. Yet the Opposition ask us to trust those very people to administer a scheme of £50 billion. That does not stack up.

The Opposition have the further brazen cheek to say, "This won't be Government spending." So not one pound of the billions of pounds that the Opposition propose to spend, administered by banks, will be lost. Who could believe that? It is incredible that the Tories are pushing the Government to deliver on promises that mean spending billions of pounds while simultaneously claiming that they would not spend that money, but give some quango £50 billion to give to the banks to give to any old industry they think fit.

The House must soon confront the problem, which is all over the papers, of LDV in the west midlands, where I am happy to represent a constituency. I do not want to prejudge the outcome of the case, but the company has been closed since December and had made losses in recent years. By its own account, its forward projections were entirely dependent on producing an electric van. It started off by saying that it needed £30 million or £40 million. Let us imagine that we took the Opposition's £50 billion, gave it to a bank and said, "Go ahead—save this company for us". It would be the height of irresponsibility. I do not know how the Government will come out of the case, but it shows the sort of difficulty that huge Government schemes pose.

We must consider the balance of risk. Are we to risk taxpayers' money in a case, which one knows in one's head will not work a few years down the road, but will

get through the next 18 months—after that, the money will be eaten up and the company has to close anyway—or are we to stand up in a recession and say that we cannot help? I do not want to prejudge the LDV case, but it shows the difficulties that can arise with Government-guaranteed funds. Such money should be counted as expenditure and a large element of public accountability must be built into the process. Difficulties are arising with that.

**Mr. Redwood:** Why is our proposal more risky than taking over £3 trillion of assets and liabilities, including some dodgy ones, and running everything, as the Government are doing, through two banks?

**Mr. Robinson:** The £3 trillion is thanks to the commercial judgment of the relevant banks, to which the Conservative party would give another £50 billion. Attempting to establish control over such expenditure and setting out criteria, procedures, targets and minimum amounts of collateral, constitutes a much more sensible approach. It is as simple as that.

Let me deal with the Turner report. I do not have a lot of time left—nor have I read the report in detail—but Turner attempts to deal with the problem of risk management and reward for it in the financial sector. If everything else fails on the wretched problem of Sir Fred Goodwin's pension, which will not go away, will my right hon. Friend the Chief Secretary consider introducing a Budget measure and make clear to him what we would do? That could be done by using a Ways and Means resolution to establish a new class of pension that would be taxed at a much higher rate. The new class would define precisely Sir Fred Goodwin's position, specifying the age at which the pension would become available, the time at which it would become available and its amount, and spelling out the rate of taxation that would be appropriate.

I know all about the problems of hybridity—my right hon. Friend and I well remember the problems that we had in defining a class for the windfall tax, which was very tricky. We could not cover the ROSCOs—the rolling stock leasing companies—or the National Grid Company, which had not been privatised by flotation. I do not know how wide she would want to go, but in this case a class could be established—it could be a class of one person, if necessary—through a Ways and Means resolution in the Budget in such a way as to avoid hybridity. That would not be using a sledgehammer to crack a nut, but we are trying to crack a very big nut, and it is one that rankles with the public. My right hon. Friend only has to look at how President Obama stood up in the case of AIG—he made it clear that every legal means would be used to bring the great fraud of all those bonuses being paid to order—to see that the issue cuts away at people until a boil appears. Until that boil is lanced, it will not go away.

**David Davis:** I agree with the hon. Gentleman. We all feel aggrieved at Fred Goodwin's pension, but his proposal will not work. Laws aimed at one person are invariably struck down by the courts. If he wants to get the measure of that, he should look at what happened when we tried to silence Brian Haw in Parliament square. The courts said that we could not have a law against one person.

**Mr. Robinson:** We would therefore simply have to extend the scope a little. Such a law would not be made against one person; it would be made against a class of people who fit certain criteria, even if only one person happened to fall into that class. That is a moot point, and we would have to fight our way through. However, I am sure that it is better that we are seen to be doing something rather than absolutely nothing and letting Sir Fred Goodwin walk away with several millions of pounds of his pension in what I suppose is a capital commutation, or whatever it is.

Let me speak frankly to the Government about the delay in bringing forward the various schemes. All of us who have been in government or seen Governments working—most of us have in one way or another—know that getting decisions out of Governments is very difficult. On such big issues, which are cross-departmental and on which the Treasury has the ultimate responsibility, it is particularly difficult. The issues for the working capital guarantee would be the same as those for the national loan scheme, whatever happens, although I think that ours is much better, because it is targeted and timely.

Whichever way we look at the VAT cut, it was timely and targeted, and it could be made straight away. That was the great thing about it. Whichever way we look at it, that is £12 billion going into the economy. VAT applies to 70 per cent. of prices and we calculated that the cut is worth £275 a year to families. I do not have a problem with the money going into independent companies and private sector profits, because a profitable private sector is what we need. We might come out of this recession with a private sector devastated and the public sector relatively healthy, and that cannot be good. Even if the money goes into profits, it has to go somewhere. If the consumer is not picking it up, it has to go into companies. If that is the case, fine—it will help the private sector.

Let me return to the dyspepsia that seems to be affecting a couple of the big programmes—my right hon. Friend the Chief Secretary knows which ones they are. I would guess—I speak now without any knowledge of the situation—that the problem is the security that the Treasury is looking for. In a recession—this is going to be a deep one and some forecasts point to another 1 million unemployed still to come—the Government cannot get the sort of security that they can reasonably expect in a normal trading environment. In a normal trading situation, the Government will get good assets and take full charge of all the assets that they can get hold of.

In the present situation, however, we might have to relax the strict criteria that the Government normally apply, in relation not only to the working capital guarantee—it is crucial that we get that out there and working quickly—and to the automotive programme. At the moment, that programme is drawn up in a very restrictive way, in that the capital investment needs to involve new, green technology in order to qualify. If we apply that criterion too strictly, however, it will probably impede access to the programme. Perhaps we need to take a more generic view. I congratulate the Government on the £27 million capital gift to Jaguar, which proves this point. Almost anything that any of the major car companies is doing today is favourable to the environment,

*[Mr. Geoffrey Robinson]*

whether it involves cutting down on emissions or weight, or decreasing petrol consumption. Everything that car manufacturers do now is directed towards being eco-friendly.

I therefore have two points for the Government. On security, they need to get what they can get, but we must get the programme going, and they should take a fairly broad view of what constitutes an eco-friendly investment. Lastly, will they please not wait for full order books, but get the schemes going now? They are there, and the criteria have been set; we could get them going now, even if only on a modest scale to start with.

3.46 pm

**Mr. Michael Howard** (Folkestone and Hythe) (Con): It seems to me that we cannot arrive at the right prescription for the future of our economy unless we gain a clear view of why we are where we are. We cannot expect to be led out of our current crisis by a Prime Minister who puts his head in the sand. Before prescription, however, there must be diagnosis, and it is in that spirit that I offer my remarks this afternoon.

Of course it is true—we can all agree on this—that we are in the throes of an international recession, or something worse. Of course it is true that almost every other country is affected in one way or another, to a greater or lesser extent, but we are almost uniquely vulnerable. We are almost uniquely ill equipped to deal with the calamity that has befallen the world, and we need to consider the reasons for that. They are not too difficult to identify.

My right hon. Friend the Member for Witney (Mr. Cameron), the Leader of the Opposition, was quite right, last Friday, to accept responsibility for the things that we got wrong. We certainly failed to anticipate that the crisis we now face was anything like as serious as it has proved to be, but there are two main reasons for our present plight. Both of them were directly the responsibility of the Prime Minister, and, in respect of both of them, we certainly warned of the consequences. I have looked at the record, and I am in a position to answer the question posed from a sedentary position by the Exchequer Secretary earlier, when she asked, "Where were you?" I shall do my best to answer that question during the course of my observations.

The first of the main reasons for our present plight that I, at least, have identified was the ill-advised decision, taken by the Prime Minister in 1997, to transfer supervision of the banking sector from the Bank of England to the Financial Services Authority. The Bank of England had hundreds of years of experience and expertise in supervising the banking sector of our economy. The Financial Services Authority was new. It had none of that experience and none of that expertise, and, as we know, it has since admitted that it fell down on the job.

It has been suggested that the Conservatives criticised the transfer to the Financial Services Authority only with the benefit of hindsight, but that is simply not the case. When that catastrophic decision was taken, my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) was shadow Chancellor of the Exchequer. In the debate on the Second Reading of the Bank of England Bill on 11 November 1997, he said:

"With the removal of banking control to the Financial Services Authority…it is difficult to see how and whether the Bank remains, as it surely must, responsible for ensuring the liquidity of the banking system and preventing systemic collapse."

He went on to say:

"The coverage of the FSA will be huge; its objectives will be many, and potentially in conflict with one another. The range of its activities will be so diverse that no one person in it will understand them all."

That, at least, is one of the answers to the question posed by the hon. Member for Twickenham (Dr. Cable) a few moments ago. My right hon. Friend also said that he feared

"that the Government may, almost casually, have bitten off more than they can chew. The process of setting up the FSA may cause regulators to take their eye off the ball, while spivs and crooks have a field day."—[*Official Report*, 11 November 1997; Vol. 300, c. 731-32.]

That was what my right hon. Friend said in 1997. The warning was there; it was clear; it was on the record; and it has, alas, proved to be absolutely prescient.

The second main reason for our current plight is the level of indebtedness that we as a country, collectively through our Government and as individuals, have incurred. Here, too, there were warnings, and they, too, are on the record; I am afraid that some of them came from me. I drew attention on 9 July 2002 when I was shadow Chancellor to the savings ratio, which was then at an all-time low; it has hit many more all-time lows since. On 30 July 2003, I warned that savings had halved under Labour, that the Government were borrowing more and that families were getting deeper in debt. On 17 March 2004, replying to the Budget, I said that it was

"a credit-card Budget from a credit-card Chancellor"—[*Official Report*, 17 March 2004; Vol. 419, c. 337.]

When I proposed at the 2005 election that a Conservative Government would make £12 billion of savings, I said that £8 billion of them would go not to cut taxes but to reduce Government borrowing, which was far too high.

Of course, I was not always thanked—I suppose I did not expect to be—for my pains. Anatole Kaletsky in *The Times*, for example, complained that throughout my tenure as shadow Chancellor, I had been issuing dire warnings about the economic and financial outlook. I had said, he complained, that Labour economic policies were doomed to failure, that overtaxed consumers were living in a fool's paradise of unsustainable borrowing and that the British economy and the Government's popularity were kept afloat artificially by a bubble of house prices and mortgage debt. He said that if the Tories started thinking along those lines, we would be making a big mistake. Well, of course, in terms of the outcome of the 2005 election, he was absolutely right, but was he right in the wider sweep of history? I simply set what I said on the record and leave others to decide who it was that was making the big mistake.

Throughout all this time, of course, the Prime Minister was proclaiming that he had put an end to boom and bust—and you know, Mr. Deputy Speaker, I do not think he was trying to deceive us; I think he genuinely believed it. Perhaps the worst thing he did was deceive himself. It was because he was genuinely convinced that he had ended the economic cycle that he did not fix the roof while the sun was shining. After all, if we think that the sun is never going to stop shining, why on earth would we bother to fix the roof? As we know, the Prime Minister is still in a state of denial. That is not the least of the reasons why he is incapable of leading the country out of the mess we are undoubtedly in. It is, I am afraid, a very big mess indeed.

. A good deal of the comment on the current crisis seems to revolve around the question: how long will it last? It seems to me that another question is at least as important: what will come after it? The suggestion that is often implicit in the first of those two questions is that next year or the year after, we shall return to the world that we knew two or three years ago. That notion seems to me to be completely misplaced. We will be in a new world, a different world, with challenges every bit as formidable as those we face at the moment. We will be able to overcome those challenges only if we have leadership that is prepared, in the words of the excellent speech made the week before last by my hon. Friend the shadow Chancellor,

"to confront some uncomfortable truths and tell people what they may not want to hear."

The mess that my right hon. Friends will have to clear up after the next election will present them with a very difficult task, but I am sure that they will not be daunted. They will, after all, simply be discharging the age-old and historical responsibility of the Conservative party to clear up the mess that Labour has left behind. That is something that we have done before, time after time. It is, in essence, what the Conservative party is for. It is what we exist to do: to clear up the mess that Labour always leaves behind.

The sooner we have that election, and the sooner my right hon. Friends can get on with discharging that historical responsibility, the better it will be for everyone in our country.

3.55 pm

**Laura Moffatt** (Crawley) (Lab): I did not doubt that there would be a fair smattering of the "I told you so's" in today's debate, and I am afraid we have heard quite a few from Conservative Members so far.

It was interesting to listen to the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). I do not think we are judged solely on what might be called the "I told you at such-and-such a point that it was all going to go wrong" basis; I believe that we are also judged on the basis of the actions that we take. I well remember that when people around me in my local communities in Crawley were suffering devastation, little help—in fact, none—came from the then Government. In Crawley, the wise words sound a little hollow.

This is a hugely difficult time for families. We are suffering in our communities. I say "we" because my own family is faced with redundancy, and with having to make very difficult decisions. Few Members on either side of the House will not have been affected by the global downturn, and the important thing for us to decide now is what action to take to ensure that we recover, become strong and can face the future with pride, and that people are fitted out with the skills that they need in order to move on.

As Members of Parliament, we have an important role to play in our communities. We should be able to ensure that people have access to the schemes that are appropriate for them—that those schemes are clearly signposted. I hope and believe that Labour Members, at least, have been proactive in going out and explaining to local businesses what schemes are available.

Of course we are impatient. If one person comes to us who has applied for a mortgage protection scheme and has failed to meet just one of the criteria—not having negative equity, for instance—that is a huge disappointment, although it should not prevent us from fighting to try to ensure that the home of that person and his or her family is secured. Impatience is expressed by Members throughout the House, including—quite rightly—the Opposition; but the Opposition speak as though nothing is being done, which is certainly and absolutely untrue. Business Link has been doing enormously good work in the south-east, carrying out health checks on our businesses to ensure that they are in the best possible position to fight off the recession. It does that work free of charge, providing invaluable advice and help.

**Christopher Fraser** (South-West Norfolk) (Con): Can the hon. Lady explain how the Government's proposed increase in business rates will help small businesses to get out of the economic mess in which the Government have left them?

**Laura Moffatt:** I thank the hon. Gentleman for giving me the opportunity to say that we have also allowed businesses to defer rate payments so that they can plan for the future. They are expected to pay a reasonable amount in proportion to what they contribute to the community, but we are ensuring that they are not pressed too hard in difficult times. We heard from my right hon. Friend the Chief Secretary just how money has gone into that scheme, and I am very pleased that it has.

The good thing about the organisations in our communities is that they have not just been writing to us, although I think we have all received letters from the Federation of Small Businesses about various schemes. They are also getting out and explaining to businesses just what is available to them. That is the difference between the Conservative and Labour positions: we have schemes and plans that are available, and business organisations are able to share information on them. Geoff Williamson, the chairman of my local small business federation, sees me in good times and bad. He visits me, and is able to talk about issues relating to the economy all of the time, which gives us a much better relationship when things are not so good.

**Mr. Binley:** The hon. Lady always speaks up bravely on behalf of her constituents, but does she recognise that the building up of debt is a dangerous thing in itself for a business, because it could mean that it becomes legally not able to trade if the debt is too much and is unsustainable? Therefore, the projects she talks about, to do with holding back payment and building up such debt, could be the very death knell of the businesses she wishes to save.

**Laura Moffatt:** I am very grateful to the hon. Gentleman for that intervention, because it gives me another opportunity to say not only that Business Link can advise on issues to do with debt, but that other organisations, such as the Institute of Directors, are very clear that, for a healthy business, not building up debt to begin with is the right way to go. Having an enormous amount of debt and then having to defer further payments is a difficult position to be in, but we need to have these devices in place to allow businesses to plan for difficult times. That is exactly what we should be doing: giving this direct help to our businesses in our towns, cities and rural communities.

*[Laura Moffatt]*

A lot more needs to be happening, too. To deny that and say that public expenditure should be cut is a travesty of justice in respect of what is happening in many of our communities. Members always campaign for investment in their constituencies, of course, but if we do not make that investment at this important time, we will be creating tremendous difficulties for ourselves. Not investing in public services and cutting public investment would choke off many of the fantastic initiatives that are going ahead.

I was listening to an Opposition Member saying that the proposed redevelopment of his college is not going forward. Well, that is not true of Central Sussex college in Crawley. We have an enormous proposal coming forward; it is planned work. It is an excellent college: it has just had a fantastic Ofsted inspection and is now rated as "good". In particular, the inspectors say that it is preparing people for the workplace—it is giving young people the ability to do the jobs that are needed so that they are in a position to feed our economy.

**Mr. Philip Hammond** (Runnymede and Weybridge) (Con): We are, of course, all delighted about the good news for the hon. Lady's local further education college—which obviously will have nothing at all to do with the fact that her constituency is the most marginal Labour seat in the country. Can she confirm, however, that she is aware that the rebuilding schemes of 155 other colleges that have had first-stage approval in principle are not now going ahead at the current time?

**Laura Moffatt:** I am explaining that I know that my college—Central Sussex in Crawley—is going ahead with such work. *[Interruption.]* My hon. Friend the Member for Northampton, North (Ms Keeble) says that that is also the case in Northampton. Frankly, the hon. Gentleman's comments do not do justice to the principals, such as Dr. Russell Strutt at Central Sussex college. The college covers the constituency of the hon. Member for Mid-Sussex (Mr. Soames), among many others, and it is moving forward with its investment. This is not just about my constituency, and the comments made by the hon. Member for Runnymede and Weybridge (Mr. Hammond) do not do the college justice.

Businesses can get themselves into a position in which they thrive and thus survive this appalling global recession by making sure that training is a continuing part of their business. It is at the core of making sure that the work force is able to rise to the occasion when needed. That is why it is so important to see the work being done in Crawley on apprenticeships. A growing number of companies are expanding their apprenticeship programmes to ensure that they are fit for the future. I am proud to say that both of the two producers of linear accelerators in Crawley, Varian and Elekta, have thriving apprenticeship schemes that our young people are desperate to get on because of the quality of the jobs.

There is plenty that can be happening in our constituencies. I am always the first to say that we need to get more of these initiatives in place more quickly. One of the roles of a Member of Parliament is to ensure that if we have particular concerns, we can get to the heart of government and to our business organisations, in order to assist those in difficulty.

Local authorities have an important role to play. When issues emerge to do with the delivery of schemes put in place by the Government, it is often because the schemes are being delivered by other institutions. It is difficult to keep a handle on just how institutions such as local authorities are performing and how quickly they are ensuring that all the initiatives are in place. I ask the Minister to ensure that we audit all those organisations—both county councils and borough councils—to see how quickly they are putting in place some of the fantastic schemes available to us.

It would be very silly to assume that it is just working-class and other families who are suffering in this recession. We have to accept that there are those who are managing businesses who are in some difficulty. I have spoken to people running businesses who are close to tears when they feel that their business is on the edge. It is always really helpful to get Business Link involved to give them help and advice—that has been incredibly useful. When the economy is in difficulty, we need to think about the softer side: how do we support people in difficult times and give them the necessary help and advice? This morning, I spoke to the Rev. Jonathan Baldwin, who is the chaplain at Gatwick airport, and heard about the invaluable support that he is giving to managers and workers at the airport. We need to thank such people in this House, because although this global downturn is causing enormous pain and hardship, there are people out there who are keen to assist in ways for which we will never be able to thank them; we must know that they are in place, working.

The work of the jobcentres has also been invaluable. I have been visiting them often and keeping an eye on the cases about which I have concern. The jobcentre in Crawley has responded enormously well, particularly to things such as the collapse of XL Airways. That was a devastating experience in Crawley, but the jobcentre opened its office at the weekend, interviewed XL Airways people who had lost their jobs in such a horrible way and got them into new jobs as quickly as it possibly could. The staff went much further than we would expect of public servants, and I thank them for the work that they do.

There are clear dividing lines on this; we are able to discuss the initiatives available to us only because there are initiatives available to us. The proposals described by the hon. Member for Tatton (Mr. Osborne) are worthless with nothing to back them up. I am proud of the work that is being done. It is devastating to see the families affected at this time, but my hon. Friends and I shall work tirelessly to talk up the economy—and the contribution that people make to it—and to ensure that we are on their side.

4.10 pm

**Mr. John Redwood** (Wokingham) (Con): Let us first of all get rid of some of the nonsensical soundbites that the Government offer us a substitute for serious analysis and debate. I am glad that the Government no longer talk of "no more boom and bust". Even they see how absurd that is, but it is disappointing that they still tell us that they made the Bank of England independent. As my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) explained, the Government did grave damage to the Bank of England, which we highlighted at the time and continue to highlight.

In the report by the group I chaired, which the Govt often misquote, we made a big thing about how the Bank of England was gravely damaged in 1997, which made it very likely that when a crisis struck the Bank would be unable to handle it properly. It was damaged not only by the removal of responsibility for financial regulation of the clearing banks—something that a central bank needs to do so that it knows the day-to-day positions and the true financial state of those banks—but by the removal of the responsibility to manage public debt. Anyone who understands money markets knows that public debt is the life and substance of the money market. The Bank of England was blind and deaf in its own money markets, because it was no longer in daily contact with clearing banks—one side of the equation—and nor was it handling minute by minute the Government debt requirements. No wonder it made an awful mess of the money markets in 2007 and 2008. No wonder it was not sighted in the massive credit explosion that the regulators allowed the banks to perpetrate, and that created this immediate crisis.

We now have two more soundbites substituting for serious policy and analysis. One is that this is a global crisis, as if in some way that excuses the Government of all responsibility. Their refusal to understand that we have a worse version of the crisis than others is extremely depressing. Their refusal to admit that the global recession is happening for different reasons in different places means that they will find it very difficult to tackle the problem here in Britain. They do not seem to understand that the crisis is very different in Japan, Germany and China—the successful saving and exporting countries—from the crisis in Britain, the US, Ireland and Spain, the over-borrowed, over-extended credit countries.

The exporting countries merely face the very serious problem that their export markets are temporarily very badly damaged, but they have strong fiscal positions and strong savings, while the heavily borrowed countries have a double crisis. We have the downturn in activity, like the successful exporting countries, but we also have extreme credit crunch problems, meaning that we do not have the financial flexibility to pump up our economies and return to previous levels of activity. The levels of activity reached in 2006 and 2007 were unrealistic, and were sustained on a sea of debt and those funny instruments that were allowed by the Government's regulation.

The Government now say that the problem was created by deregulators, as if a deregulatory Government had been in charge in Britain for the past 11 years. However, never has more regulation been put on the statute book than in the past 11 years. Every feature of the financial regulatory system that they inherited was taken apart and recreated with far more cost, far more expense, many more regulators and far more complexity. Anything that has gone wrong on their regulatory watch is the result of their style and choice of regulation, and it certainly was not deregulatory.

What we said in our economic review, which Labour Members love to misquote, was that we needed stronger and tougher regulation of banking cash and capital, and that that had to be done by a reunited Bank of England, which saw all the business and the money markets and understood them. We said that we did not need the new regulation of mortgage process that the Government had introduced. If we needed proof of that, we need only consider that we have had more mortgage process regulation than this country has ever known at the same time as we have had more dodgy mortgages than this country has ever known.

Mortgage process regulation does not stop credit over-expansion. It does not tackle a credit crunch. I find it very odd that intelligent Ministers cannot understand that point; perhaps they deliberately misconstrue it. It seems so obvious to me that they were regulating the wrong things in the wrong way and that they were not doing what a regulator should do. When businesses can extend credit and lend lots of money to people and companies, we should control their cash and capital to ensure that they are prudent.

The massive expansion in bank balance sheets should have been ringing alarm bells by 2004-05 in the Treasury and with the Chancellor, let alone in the Financial Services Authority and the Bank of England. It was ringing alarm bells on the Opposition Benches, as we have learned today. I shall not treat the House to loads more quotes or say that we saw all this coming, as that does not matter. What does matter is that the Government did not see it coming. They were not listening, they were not watching and they were not carrying out their prudential activities sensibly and well.

What should the Government do now? They are making a worse crisis now than the one that they are talking about. We know about the over-expansion of credit, and they do not talk about how they brought that to a grinding halt in a very damaging way—that was the second part of the crisis. We might go into a third crisis if they do not control the public accounts and the public obligations sensibly.

There are huge disputes about what should be factual matters. It seems very clear to me that this country is massively indebted in the public sector, and that that debt has expanded many times in the past two years as a result of the policies that the Government have been pursuing, both through their running of large deficits and, more importantly, through their very expensive policies of support, subsidy and guarantee to the banking sector.

Let us look at the figures. The Government admit—I think—that there is public borrowing of about £700 billion. If we add in private finance initiatives, public-private partnerships, Network Rail and some other off balance sheet liabilities, we see that that figure is about £1 trillion. I hope that they would accept that figure.

There are, too, about £1 trillion-worth of unfunded pension liabilities. The Government can say that it is not convention to put them on the balance sheet in state accounts, but it is convention to put them on the balance sheet in the corporate sector. Indeed, it is a legal requirement to do so—imposed by this Government and strictly enforced. The hon. Member for Twickenham (Dr. Cable) might think that I have made a mistake and I am misrepresenting those figures, but I assure him that pension liabilities are liabilities of the state. They represent money that we do not have and that we have to pay out.

On that basis, the figure is £2 trillion, but to get the Government's true financial position we then have to add something for the banks. If we took on the Government's private sector accounting rules, we would have to put on the balance sheet the gross liabilities of the banks that we have bought, in the proportions of the shareholdings that we have acquired. That would

*[Mr. John Redwood]*

add another £2.5 trillion—for the banks, the liability is £3 trillion, and we own most of that. That adds up to £4.5 trillion.

Of course, those banks have some assets. I am pleased to say that we will not lose £2.5 trillion, but I fear that we will lose quite a lot of money on these banks. We have, after all, already lost £24 billion in about six weeks on the RBS shares that we bought, based on the losses that RBS has had to report after the shares were purchased. We have lost £10 billion on the HBOS shares that we have bought so far, based on the losses that HBOS has had to report through its profit and loss account. The losses on the shares, based on the current share prices, are similarly very large figures. We can lose a lot of money on this.

If Government Members still do not like the idea of putting those gross amounts on the balance sheet in the way that a company would, why not put on the specific guarantees, subsidies and injections, which would amount to about £1 trillion?

**Mr. Brooks Newmark** (Braintree) (Con): The Chancellor has asked the banks to be transparent in their accounting only this past week. Is this not a case of "Don't do as I do; just do as I ask"? The Government should at least be making what is going on off balance sheet as well as on balance sheet far more transparent.

**Mr. Redwood:** Of course they should. The Government should not think that everybody outside in the real world is a fool. The outside markets and commentators are already adjusting for all these figures anyway, so why do the Government not get real and accept that they have to introduce them?

**Mr. Bone:** Is it not a fact that international accounting standards require them to do so? There are no ifs and buts—the Government have to consolidate.

**Mr. Redwood:** The Office for National Statistics is going to demand quite a big recognition of these banking risks. That recognition may not be for the full amount that I have suggested, but it will take our total indebtedness as a country, as defined by the ONS, to well over 150 per cent. of national income. That is well above many comparable countries around the world that have not blundered into so much bank ownership as this country has through the actions of the Government.

What should the Government do to start to cut the risk? First of all, they must recognise that the risk is colossal and that, if they get it wrong, taxpayers could be left hopelessly stranded and have to pay enormous losses. They must recognise that house prices are still falling, that the mortgage experience is deteriorating and that there could be more bad loans than we know about. They must recognise that the corporate sector is in deep trouble—I fear that there could be many more bankruptcies in the months to come—and that corporate loan books are still deteriorating at a terrifying rate.

For some unknown reason, the Government have made the taxpayer stand behind all those problems. Although a central bank must make sure that a main bank does not go under, it should do so through short-term lending. It should act as an intelligent bank manager and tell the bank involved to cut its costs and risks and to close down its casino banks. It must tell that bank to stop paying people £200,000, £300,000 or even £400,000 a year when they are making colossal losses that the taxpayer has to stand behind. It is grotesque that we, the taxpayers, are now expected to stand behind people who want to earn £200,000, £300,000, £400,000 or £500,000 a year, with pensions to match, even though their banks are loss making and need state capital and subsidy to survive.

I am a well known exponent of free enterprise capitalism. I am all in favour of people in the private sector getting great bonuses and lots of money if that is what they deserve and if they do it in the normal way, but I also think that they have to live with the downside. High rollers who get it wrong should get no benefit from doing so, and it is deeply offensive to many people in this country—and I am sure, in their honest moments, to many Labour MPs as well—that this Government are far too generous with the subsidy and capital that they give to the broken banks. The result of the Government's actions is only that there is a delay in adjusting those banks and getting them sorted out so that they are in a position to behave normally again.

The banks involved cannot be subsidised into lending more: they have to be sorted out to lend more, and that means getting rid of the rubbish. They must sell some of their foreign banks and some of the assets that are good so that they can get cash to do something with. There has to be a patient and difficult case-by-case analysis of every loan on their books, and there also has to be some intelligent banking to see how many people can be got through the crisis and how many unfortunately cannot. For the latter category, it may be better to close the loan down quickly before there are more broken dreams and more lost money.

The Government will find out—as I think that they are beginning to—that owning something means being responsible for it. By all means let us have intelligent and able people who are not politicians or civil servants running the banks that the Government own on behalf of the taxpayer, but they have to do so according to a sensible and understandable remit from the Government. They are not being given that remit, even though it should be very simple: cut the risk and the losses, get us out of dangerous things like investment banking activities, and sell some of the good overseas banks because we need the money and should not be standing behind them.

The Government have placed the country at grave financial risk. They were warned, but they ignored the warnings. They blundered because they regulated, and over-regulated, but they did not regulate the thing that matters. Will they now please concentrate on the thing that matters? That is that we now have, on the taxpayer's account, two broken banks that are bigger than the national income. Do the Government understand how risky that is? Will they issue immediate instructions to cut the risk? Will they understand that the British people will not put up with, or be grateful for, paying enormous salaries to people for doing the wrong things in broken banks that then lose us a packet?

4.23 pm

**Mr. Michael Meacher** (Oldham, West and Royton) (Lab): At least I agree with the right hon. Member for Wokingham (Mr. Redwood) on his last remarks, about

paying massive bonuses and pensions to people who have brought their banks down. He gave us the benefit of his wisdom—his speech was full of "I told you so's"—and rightly drew attention to the background to the present crisis, but he needs to be a little careful not to skate on rather thin ice.

The build-up of debt through credit and housing bubbles, the deregulation of financial markets, the removal of the capital adequacy ratios from the reserve requirements of the Bank of England, the development of private equity and hedge funds, the light-touch regulation in the City and the development of the bonus culture were all main characteristics of the uncontrollable boom of the Thatcher era. One needs a little more humility and a little less "I told you so."

**Mr. Redwood:** Does the right hon. Gentleman realise that Baroness Thatcher left office more than 19 years ago, and that when she did, the banks were carefully controlled and had to have a lot of capital relative to their loan books?

**Mr. Meacher:** I was referring to a boom that led to a most serious bust between 1990 and 1992. That bust was the result of the boom being allowed to get out of control, so I do not think that all the lessons are on one side. As I say, history points to a rather different story.

The debate hinges on the fact that the Government have always rightly insisted—I do not think that anyone really disagrees with this—that they had to save the financial system from total collapse in order to preserve the real economy from deep recession by restoring lending to business, preferably at pre-crunch 2007 levels. What has actually happened—here I agree with what the right hon. Member for Wokingham said—is that unimaginably stupendous sums of taxpayers' money have been spent on recapitalising the banks and insuring them against their ill-acquired mountains of toxic assets. However, lending to businesses and home owners has hardly increased at all, although such an increase was the whole aim of the exercise. Indeed, the banks actually decreased lending in the last quarter of 2008, and they announced not long ago that they are reducing it further in the first quarter of 2009.

That in turn has forced the Government to try to substitute for the banks turning off the taps by increasing their lending to some stricken parts of industry. A notable example is the car industry, but the Government have also increased lending to some other industries. That substitution cannot possibly be more than extremely limited, because the deficit in the public accounts is already enormous, and it can certainly never begin to measure up to the scale of normal bank lending to the economy, which usually runs at about £500 billion a year. The fate of the whole economy continues to depend on the banks.

**Mr. Bone:** The right hon. Gentleman is making a powerful speech, and I am grateful to him for giving way. Does he see the dilemma faced by the banks? The Government are saying, "You must lend more money to business" on the one hand, and "You have to get your capital ratios up" on the other. How can banks do both?

**Mr. Meacher:** That is a relevant point. As the hon. Member for Twickenham (Dr. Cable) said, what is desperately needed is a clear statement of governance if the banks are to resolve those issues. In my view, if the banks are to have the state behind them, restoring lending to the wider economy should take absolute priority. That is the overwhelming requirement, and that is the central point that I wanted to make.

The policy has been eye-wateringly costly, yet it has not even achieved that one main objective. It is bitterly ironic that a different strategy not only could have achieved that main objective in full—it could still do so now—but could have done so at a fraction of the cost, and I want to show how. Why was that different strategy not followed? This is probably where I part company with the right hon. Member for Wokingham. There was just one thing blocking the use of that strategy, but that one thing is, I suspect for both Front-Bench teams, the biggest inhibitor in the entire neo-liberal lexicon: the horror of the public sector. The amount of money that has been spent on avoiding it is truly prodigious.

Some £26 billion was spent initially on Northern Rock—a sum slightly larger than one third of the entire nation's education budget—but the Government were still forced to acquiesce, reluctantly, in nationalisation. A year later, in September 2008, the Government spent £42 billion bailing out Bradford & Bingley. A week later, they made £300 billion available for a credit guarantee scheme, plus £200 billion for a special liquidity scheme and £37 billion for a bank recapitalisation plan. The banks, of course, were delighted; they took it all with relish. They used it to consolidate their balance sheets, but they increased their lending very little, if at all, so the Government went further. In January this year, they offered another £55 billion to protect the banks in respect of corporate debt. Last month, they made available a further £500 billion for an asset protection scheme to cover bank losses. Altogether—this figure has already come out in the debate—the Government have offered some £1.15 trillion to the banks, a sum equivalent to 78 per cent. of the UK's entire GDP, yet still bank lending to business and to household customers is stuck at a level that is causing business bankruptcies and joblessness to rise.

The obvious question is whether there is or was an alternative. I believe there clearly is. That is best illustrated by the RBS saga. After the catastrophic takeover of ABN Amro, RBS, as we all know, chalked up in 2008 the biggest corporate loss in British history—£28 billion. So the Government stepped in with a £20 billion recapitalisation for the stricken bank. Even that did not staunch a massive further slide in the RBS share price, and by 20 January this year RBS stock, which was worth £78 billion in 2007, had had its value reduced in the marketplace to less than £4 billion, a staggering loss of 95 per cent.

The Government then provided yet another £25 billion recapitalisation. What all that means is that instead of trying to bribe RBS and, of course, other banks, although RBS is the classic example, with colossal subsidies to increase their lending into the wider economy—an objective that we all want to see, although there has been extraordinarily little success in respect of the sums concerned—the Government could have taken over the bank at a tenth of the cost and thereby, with proper governance, secured the full increase in lending that was desperately needed.

The key point, and the overriding argument that needs to made time and again, is that if the banks had the state behind them—this is in answer to the second

*[Mr. Meacher]*

intervention—they would no longer need to bolster their balance sheets at the expense of the rest of the economy. That is a prize worth having in the current meltdown.

The same benefits of a takeover, as opposed to near-bankrupting the country by shoring up failures, would apply in the case of other banks. I shall give another example. With its very high level of toxic assets threatening now to bring down the whole new Lloyds banking group, HBOS, which was valued at £35 billion a year ago, could instead have been bought in the stock market for £6 billion last October. Instead of £11.5 billion of taxpayers' money being pumped in to assist the merger with Lloyds TSB, it could have been purchased at half the price and—this is quite important—the merger that is dragging down Lloyds need not have taken place. The cost via the public ownership route of returning to full-scale lending for the economy would therefore have been hugely less than under current policy, and also than under the Opposition's national loan guarantee scheme, which I do not think would have achieved the same objective.

Admittedly, and here again I slightly differ from what the right hon. Member for Wokingham said, £1 trillion or more of public funding is currently at risk to assist the banks, but I assume that only a portion of it will be used, although we have been told that RBS wants to shift £325 billion of toxic assets into the asset protection scheme; and Lloyds is now thinking of transferring £250 billion, while Barclays is waiting on the edge. As long as it does not get into public control, it wants to put all its toxic assets, running to a few hundred billion pounds, into that scheme.

Even if one leaves that aside—I do not think that we can quite leave it aside, it has been estimated—*[Interruption.]* I take that point entirely; it is a high risk policy.

**Mr. MacNeil:** Will the right hon. Gentleman give way?

**Mr. Meacher:** I must finish; I cannot take any more interventions.

It has been estimated—no one knows for certain about this; it is only an estimate, but it is from a reputable financial authority—that the public accounts may well reach a deficit of £175 billion to £200 billion by the end of the next financial year. That is an astronomical figure, and recovering from such a deficit could take several years. That is one powerful reason for not going down the route of the toxic assets protection scheme and these repeated capitalisations. But I continue to think that the overriding argument for the public ownership alternative is that rapidly restoring normal levels of lending—I do not believe that there is any other way of doing that—within the economy would largely prevent the enormous cost of rising bankruptcies and joblessness, which we are told could rise to 3.5 million, which we are now seeing throughout the economy.

There is one other argument. The Prime Minister has been saying recently that the days of laissez-faire capitalism and market fundamentalism are over. With great respect to him, they are not. The whole Goodwin display of shameless greed and the enormous bonus awards for failure of the RBS and HBOS directors just make monkeys out of the Government, as do also the extraordinary contortions dreamt up by Barclays to preserve its bonus culture intact, from Bob Diamond's £36 million a year downwards, plus its aggressive, convoluted tax havens maze, robbing the taxpayer of, it has been calculated, about £1 billion a year. Against that background, as we have seen in the last few days, the Chancellor is reduced to publishing soon a code of practice, which is not enforceable, unless he makes it enforceable in some way, stating that the banks are expected—expected—to obey the spirit as well as the letter of the law. I can only put it to the Chancellor that the only way to end this humiliating charade, with the banks running rings round the Government, is public ownership. I am quite prepared to say that it should be temporary; I am not in favour of public ownership for its own sake, but—temporarily at this time—it seems to make a hell of a lot of sense. That is the only way we can achieve what is needed.

It is almost incredible that such an obvious common-sense solution is derailed because of extreme ideological aversion even to the faintest whiff of public ownership. It exposes more sharply than anything that I can think of in recent years just how deeply embedded is that ideology in the minds of the political and economic leadership of this country. That probably applies to both parties. I think it is the defining element of the neo-liberal era. Adopting the most obvious, pragmatic and appropriate solution to public ownership at least cost in the current financial meltdown is not an ideological stance, but rejecting it out of hand certainly is, and the Government should think again.

4.38 pm

**David Davis** (Haltemprice and Howden) (Con): It is always a pleasure to follow the right hon. Member for Oldham, West and Royton (Mr. Meacher) because he matches eye-watering damage to the economy with eye-watering honesty, and we always know that he means exactly what he says on these issues. I suspect that many Opposition Members agreed with probably three quarters of his analysis, although perhaps not the last few words.

We are not unused to hearing people now argue that this is the end of free market capitalism or the fault of free market capitalism. We are also used to hearing people refer to the 1930s and cite Keynes as the solution. With that in mind I had a look back at what I remembered from a biography of Keynes and found one of the last things that he said about resolving some of the economic problems of his day—not that dissimilar from those we face today. He said:

> "I find myself more and more relying for a solution to our problems on the invisible hand which I tried to eject from economic thinking 20 years ago."

So he, after two world wars, the tragedy of the gold standard and the tragedy of the 1930s, during which many of our grandfathers spent their time on marches or hunger marches, he came back to the thought that whatever we do, the answer to a recession, the answer to a depression, is to make the economy grow again. What we must not do, in curing one of the problems that we have, is poison the whole economy.

I shall go through Keynes's analysis, but come to a slightly different conclusion. He also recognised, probably

more than any economist before him, the importance of confidence; he first referred to it as "animal spirits", the driving part of the economy. He recognised that confidence was ephemeral, but that it was not irrational.

If it is difficult to raise capital and get loans, if markets are uncertain and if there are problems of demand or lack of demand—indeed, if there are prospects of high taxation in the future—confidence is enormously harmed. My point is that the Government's management of this issue in the past year or two has added dramatically to our problem; it has reinforced the position highlighted by the IMF—that we will probably face a longer recession than anybody else. There are many other structural reasons, but that is one of them.

At first, that was almost inexplicable to me. Why were the Government so slow, timorous and ham-fisted about their handling of the banking crisis? After all, there is no shortage of examples of how—and, indeed, of how not—to handle one. Anybody who understands capitalism will recognise that banking crises are not that unusual. They happen quite a lot, and there have been a few in the past decade or so. This is not a new point, but it is now widely recognised that the Swedish banking crisis was handled well and that the Japanese one was handled badly. Interestingly, the Government have mimicked not the Swedish example, but the Japanese one. What is the difference? Each country started—like all Governments, ours included—by underwriting the bank depositors. That was quite right; that is how to stop a run on a bank. It is straightforward, although expensive in some senses, and it has to be done. There is no choice about that stage.

It was in the second stage that the Government deviated from the Swedish example. I hope that the House will forgive me if I recount that example. The Swedish Government said to their banks, "You will identify the full extent of all your losses and liabilities before anything else happens. If you do not, there will be no support." That is a clear and brave thing to do; perhaps our Government did not do it because it is so brave. What is the advantage of that approach? First, it makes the shareholders meet the losses first, as is entirely proper in a capitalist economy; that also reduces the taxpayers' loss. Secondly, it pre-empts all the problems of bonuses, pensions and pay-offs that shame all of us who believe in a free market economy. Shareholders who have just lost their entire wealth are not about to stand for that sort of behaviour; Lord Myners might, but those shareholders, I am afraid, will not. Thirdly, the approach identifies the banks in three categories: those that do not need help; those that can reasonably use help to serve the nation's needs for borrowing and industry capital formation; and those beyond recall—those now known in the parlance as the "zombie banks", which are the dead banks to which we are still giving transfusions of taxpayers' money.

The approach is tough, but it is a necessary precursor of what we should have done in this crisis. That shock action in Sweden stopped what is known as a liquidity asset spiral—the continuing reduction of the assets on which the banks base their value and activities. It was predicted that the disposal of toxic assets in Sweden would take 10 years; the vast majority was done within three years. What was the cost to the nation? If we count interest, it was 2 per cent. of GDP; if we do not, it was nothing—zero—because the issue was addressed up front. The action stopped, throughout the whole Swedish economy, what is known by the technicians as payment uncertainty: the fear that the next customer will not pay the bill, and the fact that someone cannot get credit insurance. Such things vanish when the problem is dealt with.

**Mr. MacNeil:** I am listening carefully to the right hon. Gentleman. Before the Government intervened, people in the press were highlighting what had been done in Sweden. The Government seemed to adopt, as he said, what the Swedes did, but a toxic bank has not been set up to carry toxic assets in this country. I would like to hear his views on that.

**David Davis:** The Government did not do what the Swedes did. They did not carry out that up-front identification. The best example of that came during the past couple of days in relation to the Lloyds-HBOS merger, which was forced through incidentally by stopping the action of our competition laws. That was wrong; this is what they are for to a certain extent. The merger was forced through so fast that Eric Daniels, an extremely good banker until this point, had to admit to the Treasury Committee that he did not carry out due diligence. It is the first time in my political and business career that I have ever heard of a major acquisition taking place without due diligence. What have we done? We have taken one destroyed bank and probably created two destroyed banks. Once we have the relevant information, we can make rational decisions about what to do about individual banks. If a bank is dead, it does not mean that the depositors disappear or that the loans disappear, but it is necessary to break it up and parcel out the components to others who can better manage them. That did not happen in this case, and it was a great failure. I am sorry to say that it amounts to a failure of courage.

I only have a few minutes, so I shall talk briefly about the Turner report, but before I do so, I will make just one comment on the other aspect of demand management—handling the other elements of the downturn in the economy. There are good reasons for public works investment during a recession, but probably demand management is the least good of them. I do not have time to go into the matter in detail, but all we have to do is look back at the supposed great revolution of Franklin Delano Roosevelt in the United States. In the 1930s, the United States had five years of bad recession, and did not recover to its trend growth until 1942, in the middle of the second world war. We had Treasury officials who were very old-fashioned and resisted Keynes, and we had two years in recession and were back on trend by 1937. We ought to be a bit careful about assuming that such actions will work because they carry a lot of consequences.

We have a structural problem to deal with. I mentioned to the hon. Member for Twickenham (Dr. Cable) earlier that the US and the UK have independently pushed their aggregate spending way above GDP—to 3 or 5 per cent. above that level. That is a detailed variant of a structural problem in the world as a whole. In America, household consumption is 70 per cent. of GDP; our household consumption is about 63 per cent. of GDP; and Chinese household consumption is 40 per cent. of GDP. The consequence is a massive flow of money,

*[David Davis]*

which still goes on and is unsustainable at those levels. At the end of the day, whichever Government deal with the matter will have to resolve the problem in the long run of bringing aggregate spending into line with our economic capabilities.

I have only had a chance to see the summary of the Turner report because a copy has not been put in the Vote Office—at least not when I was able to go there. In essence, Turner calls for anti-cyclical asset requirements, which is very sensible. That policy did not save Spain, mind you, but by itself it is worth while, although not a game-taker. He calls for a general increase in capital-asset ratio levels, which is fine. That is very sensible, but expensive for the banks. He asks for balance sheet rules specific to risk, which is also sensible.

I really would like the Minister to respond to what I have to say on the FSA's attitude. Historically, the attitude of the FSA has bordered on the criminal, partly because it has been the victim of a massive confusion of aim. For example, there used to be something called the regulation T scale. It encouraged the movement of assets from American balance sheets to British ones because they did not meet regulations properly put in place in New York, which were set out by the Securities and Exchange Commission in its regulation T. That was actively encouraged by the FSA, with the result that we had a large quantity of poor-quality assets on British rather than American balance sheets. We should ask, for example, why nearly all of AIG's losses were in London, why so much of the securitised mortgage asset base was in London and why most of the companies involved will never pay taxes in my lifetime because of their accumulated losses. That situation is the result of a massive confusion of aim by the FSA, which actively encouraged it in the fond thought that it was a way of helping the City of London. In fact, it brought very low-quality business to the City.

The problem is that checklist regulation almost never works very well. That is what the FSA is based upon—a tick-box approach to regulation. It is worse in complex systems, because people find ways around it, and in fast-changing systems. When the two of those come together, as in most of the investment banking sector, there is a very difficult problem to resolve. The intelligent thing to do is separate out the part of that sector which matters most to us and the economy and which we cannot afford to fail—namely the high-street and commercial banks.

The real answer—not the short-term answer but the long-term structural answer—must be to separate the commercial banks from the investment banks, so that we can regulate the commercial banks tightly, ensure they provide capital for everything from mortgages to business loans. At the same time, that would enable us to allow a much lighter regime for the area that needs to be innovative. That is not just my view but that of Paul Volcker, Nigel Lawson and, I gather from what the hon. Member for Twickenham said, the Governor of the Bank of England. That seems to me the only way ahead for our financial sector.

**Several hon. Members** *rose—*

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Order. To use the lingua franca of the day's debate, I intend to impose a light touch of regulation and reduce the Back-Bench speaking time to 10 minutes when I call the first hon. Member after 5 o'clock, to try to accommodate more Members.

4.52 pm

**Mr. Doug Henderson** (Newcastle upon Tyne, North) (Lab): It is a pleasure and a privilege to take part in this debate. When I looked at the Conservative motion, I thought it was somewhat lightweight and out of touch, that it did not address the issues and that it was politically provocative. I have to say that the speeches that we have heard, including those from Conservative Members, have not been like that. A number of them have been very thoughtful and interesting. I have not agreed with all of them, although I have found myself in agreement with certain elements.

During the speech made by the hon. Member for Twickenham (Dr. Cable), we were getting into a debate about what was good debt and what was bad debt. I had thought about that before, but I began to focus on it in a way that I hope is a bit more effective. In debates such as this in the past, we have all had strong views about what levels of deficits on borrowing are sustainable in the economy, what level of long-term debt we could live with and the role of automatic stabilisers, which is a big issue between the United States and Europe. We have all had views about regulation, and most of us who have taken part in these debates over the years have words to say about it.

The conclusion that I am coming to is that it is actually best for us to forget about what we have said in the past. Perhaps it will be relevant when history is written, but we will not move forward as a nation if all we do is throw abuse at each other about what we have said about these and other issues over the 10 or 20 years for which some of us have been in the House. Some of us have been in the House a little longer and have doubtless thrown the abuse for longer.

I got things badly wrong in a speech that I made in my constituency about 14 months ago, when I said I did not believe that there would be a severe world recession. I believed that the Chinese and Indian economies would be sufficiently buoyant to ensure that the rest of the world did not get dragged into a deepening recession. When I campaigned for the then Senator Obama in Illinois in June, I took the opportunity of visiting a banking friend in the United States, and he said, "You've got this wrong. This is pretty serious—we don't know how bad it is, but it's grim." That is where we are now.

I do not know whether the recession is the equivalent of what we had to endure in the 1990s or the 1980s, or something that we experienced in recent history only in the 1920s and the 1930s. The right hon. Member for Haltemprice and Howden (David Davis) quoted Keynes. I do that occasionally, but I would like to cite a neo-Keynesian this afternoon—J. K. Galbraith. When he gave evidence to the congressional committee on the economy in 1954, when the Americans believed that another fairly deep recession might be beginning, he said that the problem in 1929 and, to some extent, in 1954, was where the wise got their wisdom. That is our position in 2009.

We are all in territory of which we have little experience and where we have little background on which to draw. In many ways, we are making a stab in the dark. President Obama recognised that when he told the

United States Congress that the Administration would give unprecedented amounts of money to try to stimulate the economy, but that it might not be enough and that they might have to go far further in future. We are all in that position, and it is not easy.

I am supposed to be a little party political in my contributions. Conservative Front Benchers did not do justice to the debate about where we are as a nation and where the international economy is. Some Conservative Back Benchers did justice to it, but Front-Bench Members did not address the matter. Why? Are they frightened to tackle the real issues because the drift is against the ideological one that they want to offer the country? Are they unprepared to face up to the new economic situation? The hon. Member for Twickenham reminded us of historical debt and that it is not especially high at the moment. It has been much higher in wartime.

If one is trying to build consensus in the nation, which requires a policy of economic stimulus that depends on building up long-term debt—there is no other way for any nation in the world; although debt has been 40 per cent. of GDP in the recent past, all the predictions that I have seen are that, in the United States, Germany, Japan and other countries, it will increase to 60 and 80 per cent., and we will be with the rest of world—one cannot rubbish the concept of national debt. One cannot have an economic stimulus, which has an immediate effect, unless one runs a higher deficit than in the recent past.

Broadly speaking, according to exchange rate mechanism rules, recent deficits have had to be within 3 per cent. They are moving ahead of that in all European Union countries, and that will happen in Britain. If Conservative Front Benchers believe that an economic stimulus under some international agreement is essential to get Britain out of the economic recession—or depression—they cannot rubbish deficit financing, which is a crucial part of it.

**David Davis:** Let me make two points about the hon. Gentleman's comments on debt. First, as I said to the hon. Member for Twickenham (Dr. Cable), we are no longer a reserve currency and our credit worthiness is now in question. Two countries have already had their credit worthiness reduced. Secondly—this is a problem that the hon. Member for Twickenham did not address—there is overall external debt, private and public together. It is now about 400 per cent. of GDP, three quarters of it payable in the next year. We have a serious credit worthiness problem and, if we go over the cliff, that will do much more harm than small-scale public spending.

**Mr. Henderson:** I understand the right hon. Gentleman's point, and if I had stuck to my speech I might have come to it myself. However, as long as we are moving broadly in line with the changing debt and deficit financing levels of comparable countries—the United States, Germany, France, Japan and so on—and as long as we are moving on the same track, even if it is an upward track, I would not expect that confidence to go. As long as that confidence does not go, the relative strength of the currency will be retained. I understand the worry, but with a little careful engineering, we can avoid falling into that trap.

I do not have enough time to respond to the right hon. Gentleman's other question in detail, but the whole of world trade will break down unless there is an international agreement between the countries that are running surpluses and those that are running deficits to act together. That would mean the Chinese starting to spend a little more in China, which would mean that they would not have to export so much, which in turn would mean that we would not have to import so much from China, meaning that we would not have such difficulties with deficit financing. Provided there is an international agreement to take that on board, we will find a way out of this mess.

Those on the Conservative Front Bench have to face up to the hard-line decisions. They have to recognise that the enemy is not inflation. The enemy was inflation for a number of decades, but the enemy today is deflation. The great danger is that we do what was done in the 1930s. Before Keynes got his way and before Roosevelt introduced the new deal in 1933, the world economy was in a serious position. Instead of trying to stimulate the economy by having programmes of public expenditure and keeping interest rates as low as possible, we had the opposite. In the early days of the recession, in '29, '30 and '31, we had high interest rates. We even put interest rates up initially, until we realised the folly of doing that.

When interest rates went down, the economy did not respond to them and people said, "What now?" It was at that point that Keynes said, "You might want to have some public expenditure"—the right hon. Gentleman and I might agree at least on what was said historically. Today we are in the same position. We have a choice of ways to stimulate the economy. We can have some tax cuts—I think that that will be essential—to give a boost quickly. I am not a 100 per cent. believer in the VAT cut, but whatever one might say about it, it is a quick way of having an effect throughout the economy. We need to look at the VAT cut again in a year's time and see whether it has had an effect. I suspect that my initial reaction was wrong and that it will have more effect than I thought it might.

We also need programmes of public expenditure as the economic stimulus is taken forward, and we have choices on what that expenditure should be. Some aspects of public expenditure are automatic—they just happen, because of the stabilisers in the economy. That is usually pretty good, because people who need the benefits usually spend the money that they get, which is good for stimulating the economy in the short term. If the Minister is going to give us a taste of what might be in the Budget, I hope that we might hear something along those lines.

On public expenditure on public works, as it were, there are various areas of our economy where we have obvious needs. We need to get parts of our transport system right and now is the time to do that. We need to spend money on education and skills to ensure that when we come out of the economic difficulties that we are currently in, we have people who can take up the future challenges and compete internationally. There has been talk around the Chamber of cuts in expenditure for further education colleges, but that is not true.

**Mr. Bone** *rose—*

**Mr. Henderson:** No, I am not giving way.

In macro-global terms, there have been increases in this country both in expenditure on further education

*[Mr. Henderson]*

and in capital budgets. That seems to be a sensible way of using our public money to get us out of the position that we are in.

I offer a word of warning: at the G20, we must take every possible step to avoid the inevitable protectionist pressures. No matter what plans we have to adopt an economic stimulus that is agreed within certain limits, if serious protectionism breaks out, that will all fall away, as it did in the early 1930s, prolonging the recession as a result. If we allow protectionism to take over now, it will prolong the recession not only in this country but worldwide.

5.5 pm

**Mr. Gerald Howarth** (Aldershot) (Con): By common consent, we are facing the worst recession in a generation and, as each day passes, we hear more and more gloomy reports. I fear that matters will get very much worse before they get better, and that our constituents have cause to be anxious. For 10 years, the Prime Minister has posed as the man whose command of economic affairs was so all-embracing that he had abolished boom and bust, and thanks to whose stewardship and management of our economy, Britain led the world. There was no acknowledgement of the role played by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), or, indeed, of his predecessor, the noble Lord Lamont for his legacy of a successful economy, which was bequeathed to this Labour Government. That was, of course, all the work of the brilliant incoming Labour Chancellor, whose endless skills stopped short only of alchemy.

Suddenly, however, as everything turned to worms, we learned that our problems were the fault of everyone else—of the global economy. I hope that everyone has noted how the word "global" has been used on every conceivable occasion. That was designed deliberately as a tactic—one that would have been worthy of the good German doctor—to impress upon our people that this was all someone else's responsibility, and that responsibility did not lie here. Then the hapless Sir Fred Goodwin and his pension were invoked to distract the public's attention from the architect of this disaster. As interest in him wanes, the laissez-faire market economy has been identified as a villain requiring a form of regulation, which I understand the Government described last night in chilling terms, saying that the banks

"should be very frightened of the FSA".

They clearly have not been, up to now.

The first issue that I want to address is the banks. I used to be an international banker, ending up with Standard Chartered bank. I believe that the banks must accept a large share of the responsibility, because they were responsible for making the decisions on to whom to lend money and on how to devise the various mechanisms to lubricate the economy. There is no doubt in my mind that the explosion in the number of complex products developed an inverted pyramid, and my right hon. Friend the Member for Wokingham (Mr. Redwood) was absolutely right to point out that capital ratios have simply soared.

Securitisation and derivatives might not, in themselves, have created this crisis, but there is now a growing admission that those on the boards of the banks had little idea of where the real risk lay, and that the banks lacked the appropriate internal procedures and checks. A former chairman of RBS, Sir Tom McKillop, admitted as much yesterday. When asked whether he was sure that he could understand the full complexities of the sophisticated loans that his bankers had created, he replied:

"You said 'full complexities'. I would say no."

In other words, the man at the top of the bank did not understand what was being done in the name of the bank. What an indictment on those bankers, that they should have brought the profession to such a humiliating pass.

There is also the matter of poor lending. It is entirely right that people have referred to what has happened in the United States. An interesting article appeared in *The New York Times* on 30 September 1999, in which it was pointed out:

"Fannie Mae, the nation's biggest underwriter of home mortgages, has been under increasing pressure from the Clinton Administration to expand mortgage loans among low and moderate income people".

That is, people who were a notch below being creditworthy. There was political pressure to lend, and that was being mirrored at home by the Prime Minister, who wanted to increase social inclusion so that those who were a notch below creditworthiness could also be lent to. In that perceptive article, which I commend to my hon. Friends, it says:

"In moving, even tentatively, into this new area of lending, Fannie Mae is taking on significantly more risk, which may not pose any difficulties during flush economic times. But the government-subsidized corporation may run into trouble in an economic downturn".

How perspicacious that was.

The second issue I want to address is regulation. As my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) pointed out, the Bank of England had been responsible for banking supervision for centuries; it understood the system and the system understood it. The "Old Lady" understood. I recall when I was with Bank of America Ltd in the 1970s, my boss was called in; I asked "How did it go, Bob?" and he said, "Fine, no problems". We asked whether the Bank of England had anything to suggest, and he said, "Well, it thought our Polish book was a bit longer than we might like". That meant that, on the following day, our exposure to Poland was reduced—no diktat, no law; it was done because the Bank of England knew what it was on about and its advice was accepted.

My right hon. and learned Friend the Member for Folkestone and Hythe also drew attention to the fact that we have warned consistently of the danger of transferring responsibility for banking supervision from the Bank of England to the Financial Services Authority. Interestingly, in the debate on the Financial Services and Markets Bill on 28 June 1999, the then Chief Secretary to the Treasury, the right hon. Member for Darlington (Mr. Milburn), claimed somewhat extravagantly:

"The Bill gives the FSA the statutory basis and powers that it needs to be the world's leading regulator of financial services. In so doing, it establishes a modern regulatory framework that will stand the test of time and apply into the next century."—[*Official Report*, 28 June 1999; Vol. 334, c. 36.]

How are the mighty fallen. The regulatory regime established by the Prime Minister has been an abject failure, and he must accept responsibility for it.

As anyone who has ever tried to open a bank account knows, the FSA concentrates on erecting hurdles to stop money laundering rather than on monitoring the quality of the lending by the main banks. The independent financial advisers gets the third degree and Goodwin gets the K. That is the way the FSA and its progenitor, the Prime Minister, worked. Now the Government are threatening to impose a draconian regulatory regime. What is wanted is not more regulation, but more effective regulation, which has been lacking.

Thirdly, I want to raise the issue of the Prime Minister himself. I hope to make it clear to the House that I believe he is the architect and the man responsible. One of the most unattractive—indeed, offensive—sights has been how openly the Prime Minister appears to have been revelling in this crisis. He was down and out in October 2007; all of a sudden, a crisis came along and he blossomed. As I have explained, the banks have played their part, but the Prime Minister, the most overrated Chancellor in my lifetime, bears a heavy burden. He destroyed the pensions industry; he destroyed the tried and tested system of banking supervision; he failed to rein in irresponsible lending; he promoted imprudent lending by pressing banks and other financial institutions to lend to those he described as "the socially excluded"; he sold off 60 per cent. of the UK's gold reserves at $275 an ounce—close to a 20-year low, and, I remind the House, a fraction of today's price of $900. The Prime Minister imposed a growing tax burden on the people of Britain which, according to the OECD, has risen from 39.3 per cent. of GDP when he took office to 42.4 per cent. in 2006, and rising. He also permitted a 13 per cent. increase in public sector employment when private sector employment grew by only 5.7 per cent. All that has happened under the Prime Minister's watch and he must be made to accept responsibility.

The Chancellor said last year:

"The Government do not want to run Britain's banks—we want to rebuild them."—[*Official Report*, 13 October 2008; Vol. 480, c. 541.]

How can that be reconciled with the bullying of Barclay's bank to join the scheme, presumably in exchange for its shares? I received an interesting note from a former colleague at Standard Chartered bank, who wrote to me today:

"I am astounded how lazy the response has been to the extent of the RBS and Lloyds reliance on the Asset Protection Scheme. Over half their risk-weighted assets are covered. The cost to Lloyds shareholders has been enormous as by far the majority of the assets covered in the scheme are from HBOS, and the 'price' of insurance has increased the state holding to 70 per cent. Daniels and Bland should be given the Byng treatment and Government 'congratulated' for passing the cost of bailing out HBOS onto Lloyds shareholders—state sponsored grand larceny!"

I could not have put it better myself.

The test for the Government will be how quickly they can restore the banks to private ownership. As the hon. Member for Twickenham (Dr. Cable) said, they will need direction on whether to increase lending or to reinforce their capital ratios first; they cannot have it both ways. Secondly, the Chancellor must demonstrate how he will reduce the taxpayer's liability.

This is not a failure of capitalism; nor is it an indictment of Thatcherism. She was all for sound money. The public have become completely bewildered by the turn of events and the amounts of money involved. At a time when finance is so tight that the Ministry of Defence has to scrape together every penny to fund the armed forces who have never let this country down, the banks have had literally billions of pounds thrown at them. Now the Government have even adopted Mr. Mugabe's policy of printing money, a policy that has destroyed Zimbabwe and will come back to hit us.

I believe that the message we must take away from all this disaster is that the country has become far too reliant on the financial services for wealth creation. We must create a much more broadly based economy, and we must reinvent engineering and manufacturing as well. I hope that the House will recognise that the one man who bears responsibility for this is the Prime Minister, and he should go.

5.15 pm

**Colin Burgon** (Elmet) (Lab): I agree with the final comments of the hon. Member for Aldershot (Mr. Howarth)—*[Interruption.]* I refer to his comments on the need to rebuild Britain's manufacturing base. I had better clarify that, because I am after a job in the future.

I want to avoid what I consider to be pretty senseless tit for tat. I want to avoid aiming for the easy target presented by the individual bankers who have caused outrage in society. I want to deal with some of the fundamental questions. I think that we should be discussing and arguing about those, and hopefully the public will be listening.

It is my contention—here I pick up a point made by my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher)—that the past 30 years have been dominated by a neo-liberal consensus that has unfortunately been accepted by new Labour and, much to our detriment, willingly embraced by the Conservatives. I am not so sure about the Liberal Democrats.

Let me define neo-liberalism. The theory is that the market should determine individual actions, that we should support privatisation and deregulation and trade and financial liberalisation, that we should shrink the roles of the state and of trade unions because they interfere with the workings of the market, and that, on an international level, the International Monetary Fund and the World Bank should carry out the structural adjustment programmes that introduce such ideas into the societies of developing countries.

How do these incredibly sophisticated ideas work out in our everyday lives? I think it is tremendously important that, at an individual level, we are defined as consumers rather than citizens. The high priest of neo-liberalism, Ronald Reagan, said when he was elected that government is the problem, not the solution. Those involved in the neo-liberal revolution of the mid-to-late 1970s promised that an economic panacea could be delivered that would mean growing wealth for everyone, but that was far from the case. Neo-liberalism has not delivered gains of that kind for people; in fact, I would argue that throughout the world it has delivered growing insecurity.

Over the past three decades there has been a widening of inequality between rich and poor nations, and—just as important from our point of view—a growing inequality within the populations of the advanced economies. Another less well-known fact is that those three decades

*[Colin Burgon]*

of neo-liberalism have led to no improvement in the living standards of large sections of humanity, and in many areas incomes have fallen.

As for the international dimension, *Real World Economic Outlook*, which was published by the New Economics Foundation in 2003 and used the IMF's own figures in assessing the world economy, described what had really happened over the past three decades. World GDP per head was static between 1980 and 2002. In some crucial years—at roughly the time of the collapse of the Soviet Union, between 1988 and 2002—world GDP per head actually fell. Between 1980 and 2002, real average GDP per head in the countries outside the IMF's group of so-called advanced countries, comprising four fifths of the world's population, fell from $1,400 to $1,100 per year.

What has been the impact in the home of neo-liberalism, the United States? The figures for median earnings of working males in the United States are interesting. The median earnings in 2005 were slightly less than in 1980. *The New York Times* has been mentioned, and its report of 29 March 2007 is also interesting:

"The top 1 per cent."

of the US population

"received 21.8 per cent. of all reported income in 2005...more than doubling their share of income in 1980."

That approaches levels of wealth distribution last seen in the 1920s. Warren Buffett, one of the richest men in the world, stated in 2006:

"There's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning."

He was absolutely correct.

What has been the impact of these neo-liberal ideas over the past three generations? What have they done to our society in Britain? A recent article in *The Guardian* dealing with inequality in Britain makes worrying reading. Using 1974 as a baseline, it said that inequality had increased by 40 per cent. by 2006. *The Guardian* explains that the increase

"was the sharpest in the developed world",

and suggested it was partly the result of the political architecture that we labour under.

Child poverty figures are particularly important, as they show how the economic system works out for the most vulnerable. We now have 3.9 million children living in poverty in the UK, after housing costs are taken into account. The UK has one of the worst rates of child poverty in the industrialised world. This is the result of three decades of this economic system working through. I could go on and highlight the figure for child poverty in the east end of Glasgow, which is, I think, about 98 per cent., or even state that four out of 10 kids in London are brought up in poverty, even though the richest square mile of the country is located in the city.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): Will my hon. Friend give way?

**Colin Burgon:** No, I will crack on, if my hon. Friend does not mind.

The roots of the current crisis lie in the 1980s and 1990s, but their effect is only now hitting home. We all remember, from reading learned newspapers, smart talk of "post-Fordism", of how we were moving into a post-industrial age, and how the provision of services was the way forward and the production of things something from the past. We were told that Britain was in a uniquely strong position in this new economic order because of the history, experience and international reputation of the City of London, and that the City, and all that it brought with it, would be the golden goose for the economy. This is clearly not true.

Like the industrial revolution, the financial revolution has affected us in every corner of our lives. Let us take our attitude to housing. A home is now a speculative investment, a source of access to greater credit or a piece of equity that can be realised at some point. Housing has become a national obsession, and that has severely distorted the economy. I saw some figures suggesting that, at its peak, the buy-to-let revolution "contributed"—I use inverted commas—four times more to the UK economy than the motor industry. To pick up on the comments of the hon. Member for Aldershot, I believe our economy is dangerously unbalanced and needs adjusting.

What situation are we in today? Is this merely a re-run of the 1980s? I would argue that it is a re-run of the 1930s. There is evidence of a 1930s-style downturn. The current decline in financial markets has continued for 17 months to match the rate of decline after 1929, which is the most severe recorded. The decline has not yet carried on for as long, but it is following the same path.

I was going to look at the effects on the real economy. The latest figures released by the Organisation for Economic Co-operation and Development for world trade up to December 2008 stand out. They suggest that the economic downturn is set to be the worst since 1929. We have heard from my right hon. Friend the Member for Oldham, West and Royton about the huge sums of money that have been put into the banking system. It is now clear that the banks should be nationalised, and they should be driven in their investment policies by social need, not the need for profit. I was also clear—I warned the Chancellor about this some time ago; not that he listens to me—that the bankers would take the money and put two fingers up at us. That is precisely what has happened. I am glad that the Treasury Committee Chairman has effectively called for the nationalisation of the banks.

In conclusion, this is a political crisis. I started off by discussing Ronald Reagan, and I shall now draw on something that Roosevelt said in 1931:

"What is the State? It is the duly constituted representative of an organized society of human beings, created by them for their mutual protection and well-being. 'The state' or 'The Government' is but the machinery through which such mutual aid and protection are achieved."

I hope that new Labour can inject some of that into its backbone.

5.25 pm

**Mr. Oliver Heald** (North-East Hertfordshire) (Con): Consumer confidence is one of the most important aspects of this recession and where it is going. I agree with the hon. Member for Elmet (Colin Burgon) that when we look at the problems of the 1930s and what President Roosevelt did, we find that consumer confidence was right at the heart of what he was trying to achieve with the new deal. The aim was to rebuild consumer

confidence after the crash, and he largely succeeded, although I should say that a lot of the myths about the new deal are wrong, as my right hon. Friend the Member for Haltemprice and Howden (David Davis) made clear. The Americans did not have many shovel-ready schemes—to use the jargon of the time—which meant that they were not able to put as many people to work as quickly on those great schemes as they had hoped; in fact, it was five years before the main schemes were working.

The key effect of the new deal and the way in which President Roosevelt announced it and pressed it forward was to build consumer confidence; people felt that there was a plan and a way forward—a definite approach. That certainty of approach led to the rebuilding of confidence; companies started to take on labour, and projects that were nothing to do with the Government started to be undertaken and commerce started to revive. The steady hand on the tiller was as important as those new deal schemes.

What worries me about the current situation—the hon. Member for Newcastle upon Tyne, North (Mr. Henderson) made this point—is that it has not been clear to many people exactly where we are with this recession, as it gradually seems to get worse with every piece of news that we get. I was talking to some American officials at the embassy last week, and they were describing their shock at the fourth quarter unemployment figures in America. They said that to lose 651,000 jobs in one month was shocking; in fact, President Obama called the set of figures "astounding". Standard & Poor's had been expecting a relatively modest recession in terms of the number of job losses, and its chief economist, David Wyss, said:

"Up until the third quarter, we thought we were on track for a relatively moderate recession, but then in the fourth quarter, everything fell apart".

That makes the point quite well.

This country is in danger of underestimating what we are dealing with. Yesterday, I was surprised to read in the *Evening Standard* that the Secretary of State for Work and Pensions was saying proudly that unemployment was rising more slowly than in the previous recession; it was as if he could be sure about that. Yet, today we were given the worst figures ever for a rise in unemployment—the 0.5 per cent. increase was higher than the previous record, in March 1991.

The Government need to bear in mind the effect that unemployment has on consumer confidence. Someone who has just lost their job, whose home is on the line and who is worried about a repossession is not going to go out and spend money. My goodness, such a person would be careful; they would try to repay debt and so on. The Government are working against a moving picture—every month's delay at the moment means another 70,000 people unemployed and looking for work. It is an urgent problem that needs tackling, but the Government's schemes for jobs and homes seem to take for ever to put in place. Sometimes we just have to act. The Conservatives have been saying for months that you—I am sorry, I mean the Government. I am getting over-excited—

**The Exchequer Secretary to the Treasury (Angela Eagle):** Calm down!

**Mr. Heald:** Well, I am actually very worried about what is happening to unemployment and the economy. We need a sense of urgency, and to get a good quality scheme on loan guarantees in place soon.

**Mr. Edward Timpson** (Crewe and Nantwich) (Con): My hon. Friend is making a passionate speech on behalf of his constituents and of everyone who thinks that the situation is getting worse and that we need to see some action. Does he agree that one of the problems with the overload of initiatives that we have seen the Government announce in an attempt to tackle the recession is that rather than do the planning before making the announcement, they have done it afterwards? That is why we have seen such a delay once the initiatives have been announced and before the people who need the help have been able to get it.

**Mr. Heald:** I could not agree more. It is classic new Labour spin: they say "Let us make an announcement and get it in the media," and of course it is half-baked and not ready to go. That saps confidence and people do not believe that there is a steady hand at the tiller. We saw with Northern Rock all the dithering and not knowing what to do, and how damaging it was for public and consumer confidence. All these schemes are announced, but they do not come in on time. They are not even being advertised properly to the high street banks, as we have heard, and that is just not good enough.

We will pay a huge price. People remember previous levels of unemployment, and Labour Members have had much to say about that. Indeed, the Prime Minister spoke in his maiden speech of mass unemployment as

"the grossest affront to human dignity".—[*Official Report*, 27 July 1983; Vol. 46, c. 1240.]

For years he has spoken about unemployment, but it is time that he got real about what we are facing. He is likely to leave office as this country has the highest level of unemployment in its history. The record so far is 3.1 million, and he is likely to exceed that. He is already following the old-fashioned Labour Government route: they always leave a higher level of unemployment when they leave office than when they came in.

**Angela Eagle:** Will the hon. Gentleman admit that although today's figures are extremely difficult and worrying, there are still more jobs in the economy and more people in work now than when we came into office in 1997?

**Mr. Heald:** The hon. Lady knows that most of the 2 million extra jobs did not go to people who were here and looking for work when her party came into office. In fact, the number of unemployed fell by 300,000, but the number of jobs rose by close to 2 million. That is another issue.

Unemployment is a scourge for young people. To have young people, with their hopes for the future, unable to find work and even facing the prospect of long-term unemployment, is such a worry. It is important that the Government get the loan guarantee scheme in place and gear up for the unemployment challenge ahead. Just reversing the cuts in the Department for Work and Pensions—keeping the current number of offices open and increasing staff numbers—will come

*[Mr. Heald]*

nowhere near meeting the challenge. More funding will also be needed for the flexible new deal if it is to go ahead in its current form, as the Select Committee on Work and Pensions has said.

It is time to wake up, smell the coffee and realise that the country feels a deep sense of insecurity. Urgent action is needed, and it is no good just going along with a civil-service type approach, examining everything very carefully and circulating documents round the Cabinet and junior Ministers. Sometimes it is necessary to stop dithering and get a grip—the time to do so is now.

5.34 pm

**Nick Ainger** (Carmarthen, West and South Pembrokeshire) (Lab): I was surprised by the comments of the hon. Member for North-East Hertfordshire (Mr. Heald). The opening speech made by his Front-Bench spokesman made no proposals other than the perpetually fed-out idea of a £50 billion loan guarantee system. There was nothing else. Where was the beef? This was an opportunity for the Opposition to set out what they would do if they were in government, and they have come up with one scheme that my hon. Friend the Member for Coventry, North-West (Mr. Robinson) was able to start picking holes in during the debate.

Thirty-two years ago this week, on 19 March, my daughter was born. On 20 March, I was made redundant. Understandably, that had an enormous impact on me. In my political life, I have always argued that everything and anything should be done to avoid unemployment and to keep as many people in work as possible. I would never want what my family went through—thankfully for a relatively short period—to happen to any other family if it was avoidable.

Although my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) said that he thought that the Back-Bench speeches had been good, I was disappointed because one thing seemed to be missing from the Tory Back-Bench speeches—we have not heard anything from Lib Dem Back Benchers, because they are not here—and that was a plan of action. We simply heard the claim that the £50 billion loan guarantee scheme would suddenly release funds into the economy and everything would be hunky-dory. It is quite clear that although lending is enormously important, we have a global recession and the real economy is starting to be hammered, too. That shows that the solution is not just about providing greater lending in the economy. I want to say a few words about how we got here.

I am a member of the Treasury Committee and we have taken hours of evidence—first on Northern Rock and now on our latest inquiry into the banking crisis. One thing that has come out is that although serious mistakes and errors have been made by the FSA—Lord Adair Turner is certainly tackling those issues in his report, which was published today—blaming a politician or the FSA is rather like a serial burglar claiming when he comes before the magistrate that he robbed so many houses because the police were ineffective. The problem is that for possibly two decades—and certainly in the last decade—a "get rich quick" culture has developed in the financial services industry and the banking industry, where early profit was rewarded and no one minded about the longer-term issues.

That situation was highlighted for me by some of the evidence that we received from academics and those who work in the financial services sector—commentators as well as practitioners. One example concerned the complexity of the derivatives that have been developed in the past two decades and the complete failure of senior managers to understand the risks involved. The classic example of how we got into this mess involves Lord Aldington, the UK chairman of Deutsche Bank. His bank had to write of billions of dollars worth of dodgy derivatives—collateralised debt obligations—the week before he gave evidence to the Committee. The Chairman asked him to explain what a CDO squared was, but Lord Aldington said that he did not deal in that sort of detail.

However, it is not just the banks' boards or senior management who are responsible, because shareholders too have not been active enough in asking the necessary questions. To be fair, some financial institutions such as Legal and General were trying to persuade the RBS board in early 2008 to sack Fred Goodwin and Tom McKillip as the bank's chief executive and chairman. They felt that the bank was following a model that was far too risky, and they were proven absolutely right.

**Mr. Bone:** I am listening to the hon. Gentleman with great interest. He is saying that the problems with RBS lie in part with the regulator and in part with the bank's board of directors and shareholders, but does he not think that the Government should also share some of the blame?

**Nick Ainger:** I listened with interest to what Opposition Members said about how removing the regulatory role from the Bank of England has led to the present difficulties, but the same situation exists in the US, Japan and across Europe. Yes, there have been serious failures of regulation, and I accept that the FSA and other regulators got into a tick-box culture that meant that they were not looking at the big picture.

The classic case that should have sounded the warnings was Northern Rock. That involved another tick-box culture where everything, according to the regulator, was in order, yet its business model was totally dependent on the wholesale credit market. As soon as that dried up, Northern Rock's business plan collapsed, after which the bank went belly up and had to be rescued.

The problem was that the regulators were not looking at the other banks either. The revelations about HBOS, for example, clearly show that it was getting into virtually the same position as Northern Rock. In addition, we now know that RBS was massively leveraged and that the ABN Amro takeover was a disaster that created real instability in that institution. Yet because the FSA was merely ticking boxes and not looking at the bigger picture, it missed the real problems that the banks were heading for.

I want to say something briefly about the role that the banks are playing on what might be called the front line, where small businesses are having real problems accessing some of the loans schemes. The Treasury Committee took evidence in Leeds, in a session that highlighted that particular difficulty. We were told that a very successful company in Humberside needed an extension of its overdraft, but that its bank was being extremely difficult and unco-operative. It turned out that the local

regional manager of the bank involved was the fifth to hold the post in the past two years. He did not know really anything about the region or its particular companies, and I believe that the banks' loss of direct contact with businesses, and of the knowledge and understanding of what they do, is causing real problems.

I urge the Government to get to grips with the banks. They must do so at the macro-level—the aim is to get the money out as quickly as possible—but they must also look at how the banks are operating at the micro-level, because that is where many of the problems lie.

I should like to mention an issue in which I am particularly interested, although since the collapse of Lehman Brothers and the real onset of the global recession, it has gone out of the headlines. It is the huge commodity spike that took place in late 2007, which peaked when the oil price reached nearly $150 a barrel in July 2008. My concern is that when we come out of the recession, there will be another commodity bubble, which will prevent or delay recovery. The Government, through the G20, should look for a way to ensure that commodity markets are far better regulated.

Finally, the G20 is a real opportunity for us to ensure that there is quality regulation throughout the world; to be seen to be acting together to address the problems, particularly in the developed world; and to look at how we can co-ordinate fiscal stimulus. At the end of the day, manufacturers here and in, say, Germany are dependent on both countries' economies to create demand for products, whether those products—cars or whatever—be German or British. Co-ordination is a key to that. I am sure that the Government will do what they can to ensure that the G20 is a success, both on the regulatory front and when it comes to addressing the overall problem in the economies of the world.

5.46 pm

**Mr. Stephen O'Brien** (Eddisbury) (Con): I ask the House to note my entry in the Register of Members' Interests.

I want to congratulate my hon. Friend the Member for Tatton (Mr. Osborne) on a really impressive opening speech on an important motion. Although we are talking about a very complicated area of policy and politics, he expressed how people feel today. He set out how they view the Government's activity, and how they rate its effectiveness—or, more precisely, its ineffectiveness.

I had not intended to make this point, but I want to mention the Chief Secretary to the Treasury's somewhat smug reply to my hon. Friend's speech, in which she referred to the early '90s. I do not know where she was in the early '90s, but I was there; I know what unemployment looks like, and I know what redundancy looks like. Moreover, I know that it does not help the people who are in the thick of it—in the construction and building materials industry—when those who were not there think that they can preach to others. Those of us who have been through a recession know what is absolutely essential: confidence, stability, the cost of capital and, above all, having capital available. Whether a business person is on the shop floor, out there making the roads or even in the boardroom, what makes the difference when they take their risks and make their decisions is knowing that those things are in place.

T he Government of the day were certainly not blameless, and I was critical at the time, but they recognised the issues and helped us to restore and retain jobs. The Chief Secretary to the Treasury—this is why I make the point—could not have sounded more shrill and insulting to the stalwart people who soldiered through that time. I hope that she will reflect seriously on the fact that her comments do not play well with the people whom she claims to represent as a Minister of the Government. One need only look at the current number of housing starts, which are at 5,000 a month. In the very worst of previous recessions, they were about double that, at 10,000 a month.

Given today's unemployment figures, we need to recognise that this recession puts other recessions into the also-ran department. The rate of the rise in one month is sufficient to make most people afraid; it is eye-watering compared with the rates in previous recessions. Let us not for a moment try to pretend, as the Government have done today, that the recession is not deadly serious, and that many people in our country are not frightened. Frankly, they are right to be afraid.

We may say the usual knockabout stuff about an apology-free Prime Minister, the "Blame anyone but me" attitude, and the fact that we are now in the Brown bust, despite the Prime Minister's claim that he would get rid of boom and bust. Many right hon. and hon. Members sought to include those points in their speeches, but let us not forget that in recessions the victims are people—our constituents. The remedy is to back business, and for people to get back to work in those businesses. I know that this sometimes pains the Government and many Labour Members, but whether they like it or not, when we talk about business, from the shop floor to the boardroom, we are talking about the private sector.

Yet again, as in all recessions, it is the private sector that takes a disproportionate share of the pain. Those in the private sector are ultimately the wealth creators, the risk takers, the entrepreneurs and the investors. Now that I am in the public sector, I understand why I was so angry with it when I was in the private sector. It seemed to think that a recession was something that happened to other people, not those in the public sector. In a recession, the national interest is damaged and deeply affected for everybody, but we all depend on the private sector for growth, wealth creation and ultimately the tax revenues that fund all our choices and democratic opportunities, and we must back it.

I received an e-mail from Robert Jenrick, who relates a story about Newcastle-under-Lyme, where another good business has fallen victim to the economic crisis—a local engineering firm for over 40 years, and exactly the kind of respected employer of skilled workers that we must ensure survives the recession. Its parent company is Wrekin Construction, a profitable business which recently built Keele university's science park. The business collapsed after Royal Bank of Scotland, now majority owned by all of us as taxpayers through the Government, demanded repayment of its entire overdraft. A similar thing happened as a result of a demand from Midland bank in the north-west back in 1979. I should know; it had a big effect on my family. More than 500 jobs may now be lost as a result of the engineering firm's collapse. That could be unnecessary, provided the banks start lending again.

*[Mr. Stephen O'Brien]*

Among all the issues bearing down on this country now are the initial crisis, the banks' inability to continue lending, and the fact that they had to hunker down and recognise that they had made some serious misjudgments. They had got out of control, they had lost what it was truly to be a banker and had become financial speculators and product innovators while most of those who had supervisory responsibility did not know what those products did.

It is vital that we all club together to help in political terms and get the banks lending again. Without lending, we cannot fuel, preferably from the bottom up—from the SMEs up—the necessary business activity. We cannot support bankers who have decided to take public money to support themselves. We are right to be angry and to challenge the intention of those banks to continue to pay bonuses. They say they are contractually bound, but I would have said of those who might have been expecting a bonus, "Let them sue for it." It may have been interesting to see how many of the arguments they advanced to get their entitlement, as they see it, would cut any ice. We must maintain that supply of fuel to business, and at present it is not getting through.

The key to success, as we know, is confidence. We start from a poor base. The uncertainties, particularly in relation to corporate tax, mean that most businesses have not been investing in their future, in innovation, in competitiveness and in ensuring that they can capture and retain markets, as they would have done had normal investment taken place in the so-called good times.

**David Taylor:** Will the hon. Gentleman give way?

**Mr. O'Brien:** I will not, as we are all constrained by the time limit.

It is important to recognise that we start from a low base of business investment. Even in these tough times, businesses have to think about where, if they can get capital, they place that capital to ensure that they are best positioned for recovery, so that they do not find themselves disadvantaged by the recession, which has largely had nothing to do with their good business activities and everything to do with another part of the economy. In addition to all that others have said, I suggest that there is an opportunity for the Government to—let us call it this—steal our policies, including the £50 billion national loan guarantee scheme. Despite the various attempts by various Whips and others to rubbish that, nothing has been proved against it.

We have also proposed a tax break for new jobs, making sure that we reduce employment costs for small businesses by cutting national insurance, and helping small business with their cash flow by delaying VAT bills for six months. Through the Department for Business, Enterprise and Regulatory Reform we need to tackle the credit insurance calamity, which is causing major problems of supply. The Government are not prepared to acknowledge that and Lord Mandelson is apparently unwilling to meet leading retailers to discuss it.

Another point, which I hope I will be able to discuss later with my right hon. and hon. Friends on the Front Bench, is that we should look seriously to the past when the Industrial and Commercial Finance Corporation, which was succeeded by 3i, was an extremely good way of trying to get a balance between equity and debt risk into new and start-up companies and early development companies. That was a success story, and I do not think that the conditions today are dramatically different, so we should look to those lessons. But perhaps, rather than being owned by the Bank of England and the clearers, such an entity might be very interesting to the venture capital trusts that are looking for opportunities to get their money to work.

I have to report an insidious and worrying effect of the Government's increasing involvement in the everyday aspects of our lives. As some may have read in the press, my constituent, Geoff Robbins, who has a thoroughly sound business, rang up his bank, RBS, for a normal merchant account, and after the usual questions, the final one was whether he had any political or judicial affiliations. Can you believe it? A well-known journalist tested that and received exactly the same reply and the bank was embarrassed and had to backtrack. That is a sign of the times. When banks start to become state-owned, people begin to worry that unless they are something to do with Labour they will be disadvantaged. That is a deeply worrying development in our national life. One has only to pose the question in the future: Labour or Conservative, which is safer? The answer is Conservative.

5.56 pm

**Ms Sally Keeble** (Northampton, North) (Lab): I am sorry that I was not here for the opening speech, but we had a homecoming parade in Northampton, and I congratulate both the Royal Lancers on their wonderful parade and the people of Northampton on turning out in record numbers in brilliant sunshine, showing the enormous support in the town and the country—and in the county. I see one of my county Members of Parliament.

**Mr. Bone:** I was delighted that my wife was able to go along and represent the constituency.

**Ms Keeble:** The parade showed the huge support in the county and throughout the country for our armed forces. It was a fabulous event.

This afternoon I have listened to pearls of wisdom from Members about what they advised or would have done over the years. I have also had the privilege to sit on the Treasury Committee for the past four years and have heard the evidence of all those involved in the banking crisis. It has been clear throughout that nobody predicted it, gave the warnings or said what action they could have taken at the time that would have prevented it. However much hon. Members might say that they gave warnings at the time, it is clear to those of us who sat through the evidence that people did not recognise the size and scale of the problems until it was very late indeed. The first person to give the public warning about the scale of what was happening was my right hon. Friend the Chancellor, who did so last summer.

The real issue is whether the Government are taking the right approach to the crisis and whether the Conservatives have policies that would make the situation any better. I am clear that, although the Government's policies are risky, difficult and not perfect, they are the most likely to support people during the crisis. I also draw on my experience of previous recessions, which

was not as a Member of Parliament making speeches in this place, but outside reporting on them and dealing with the consequences.

For example, in the 1980s recession, I saw the consequences of a Government who did not invest enough in the Department for Health and Social Security, and in particular in social security offices. In Birmingham, when unemployment rose, the offices were overloaded and they shut down. For nine to 10 months people simply did not get any benefits. That is why the Government are right to invest in the Jobcentre Plus offices and to think carefully about how they will support people who need advice and retraining, and, yes, benefits.

During that recession, the Conservative Government were also not prepared to invest in training. As a result, one of the most talented work forces in the world—the car workers of Birmingham—found themselves unemployed with no opportunities to retrain. That is why I particularly applaud the investment that this Labour Government have made in apprenticeships, schools and universities.

During the recession of the '90s, my hon. Friend the Exchequer Secretary and I were both in south London and saw its consequences. The then Government, who had no commitment to tackling inequality, allowed people in London to work on £1.20 an hour when people in Canary Wharf and the City were still making vast amounts of money.

The right hon. Member for Wokingham (Mr. Redwood) was right: what the Government have done is risky. However, it is absolutely right to intervene—and with real force. Last autumn, the recapitalisation was needed to prevent a major bank from collapsing. The asset protection scheme frees up the banks' balance books to enable them to start lending. There is also the quantitative easing; it would, I suspect, have been extraordinarily difficult for the Bank of England to manage both the quantitative easing and banking supervision. The division of responsibility at the Bank was right, although the FSA has clearly had difficulties.

Furthermore, it was right for there to be a fiscal stimulus. It would have been wrong if the stimulus had gone into public sector infrastructure spending at that stage, because that is notoriously slow. I would have preferred the stimulus to have gone through tax credits rather than VAT. It would then have been more targeted at the people who needed it more, and some of the retailers would not have been able to massage the figures.

As we prepare for the upturn, the focus on science, technology, engineering and maths will help rebuild the economy for the future. Young people will get education in the subjects necessary if they are to follow the direction in which the economy needs to go in the future.

In the short time that remains, I have a wish-list to give to the Exchequer Secretary. Some of the items will even find favour with the Conservative party. First, the Government should make sure that when something is announced, it is available. Some of the measures put in place are available, so this is not a criticism of all the Government's schemes. However, there have been real difficulties, particularly with the mortgage rescue scheme. That scheme was announced and people thought that it would be available, but it has taken a couple of months to put in place. Most people—certainly my constituents—are realistic about what happens. They make plans on the basis of what is on offer. If they think that something is on offer, they will plan around it. If, however, they then find that it is not, they get very cross.

On the home ownership front, can the support for mortgage interest be extended so that it is made available to some extent to people on contributions-based jobseeker's allowance—perhaps through a link to the tax credit system? In my constituency, there are one and a half incomes per household, so if one person loses their job the income is still too large to qualify for support for mortgage interest. People might lose their homes, so I ask my hon. Friend the Exchequer Secretary to look at that issue.

In particular, will the Government put pressure on the banks regarding the conditions imposed on recapitalisation? The banks should maintain their 2007 levels of lending, and we should get monthly rather than just annual reports. The banks are obliged to provide that level of lending and there is clear evidence that the money is not getting through. The Northamptonshire chamber of commerce kindly organised a business advice surgery for me at which businesses raised issues, and that was the No. 1 problem.

One of the other problems was that, because of very low interest rates, banks were recouping some of the money that they would otherwise have got by increasing arrangement fees and other hidden charges. I hope that the Government will put real pressure on the banks so that they cannot use other means to make life difficult for small and medium-sized enterprises. If banks are reviewing their loan books, which they obviously have to do, they should not be punitive or trigger problems for fairly sound firms, which are finding their way through current difficulties, by stopping draw-downs on existing loans, for example, which is what HBOS did to one of my constituents, threatening 50 jobs.

I hope that the Government will implement quickly the recommendations of the Turner report. The Government called for it, and it is important to recognise that. In particular, I hope that we will implement the recommendations on credit ratings agencies and on remuneration policies. While there has been much focus on Fred the Shred's pension, we have not heard so much about the fact that bonuses encourage inappropriate risk-taking, which needs to be dealt with.

Finally, please will the Government maintain their outstanding commitment to tackle child poverty and global poverty? In these hard times, it is important that our party and our Government hold fast in the great crusade that has won them credit not just in this country, but around the world. It has been one of the defining policies of this Labour Government.

6.7 pm

**Mr. Brooks Newmark** (Braintree) (Con): The Prime Minister has indeed taken Britain from boom to bust. As we heard from my hon. Friend the Member for Tatton (Mr. Osborne), today the IMF predicted that the global economy will shrink by 0.6 per cent. in 2009, compared with a figure of 3.8 per cent. in the UK. By contrast, the United States economy—I know that the Prime Minister likes to contrast us with the US—will contract by 2.6 per cent. Next year, however, while the rest of the world returns to growth, the UK will continue to shrink. As the economy shrinks, so do tax revenues,

*[Mr. Brooks Newmark]*

and tax revenues from the City alone are expected to drop by up to 40 per cent., with a loss of up to £25 billion.

Unsurprisingly, sterling has collapsed to a 23-year low of $1.35 from a peak of $2.11 under a year ago. Let me remind the Prime Minister that it was he who said, in 1992, that a weak currency arises from a weak economy, which in turn is the result of a weak Government. The problem began the day that the Prime Minister stepped into No. 11 Downing street. In making the Bank of England independent, removing debt management to the Treasury and removing day-to-day supervision of the commercial banks, he left the Bank, as my right hon. Friend the Member for Wokingham (Mr. Redwood) pointed out, blind in one eye as to what the Government broker was up to, and blind in the other as to what was going on with the clearing banks.

It was the Prime Minister who set up the tripartite system of regulation between the Treasury, the Bank and the FSA, with no one ultimately taking responsibility when the economy began to unravel with the collapse of Northern Rock. Indeed, in his Mansion house speech of 16 June 2004, he said:

"I want us to do even more to encourage...risk takers."

On that policy, he was certainly successful. As we heard, he sold gold at the bottom of the market, at an average price of $275 per ounce, when its price subsequently rose to almost $1,000 an ounce, costing the public purse £5 billion. He also abolished tax benefits that pension funds had gained from advance corporation tax, costing pensioners £5 billion a year and diminishing the value of personal savings by more than £100 billion. His tax credits system is in tatters, with more than two thirds of recipients receiving the wrong amount at one point. There have been £5.8 billion of overpayments, with £500 million written off so far and another £1.5 billion unlikely to be recovered.

In the meantime, debt ballooned. While the Prime Minister sought to maintain his golden rule of keeping net debt at about 40 per cent. of GDP, he put more and more debt off balance sheet so that by the time I wrote my pamphlet "The Price of Irresponsibility" for the Centre for Policy Studies last October he was hiding £2 off balance sheet for every £1 that he was keeping on balance sheet. Not surprisingly, he become known as the Enron Chancellor.

Today, the situation is even worse. If public sector pension liabilities and private finance initiative schemes are added to the on-balance sheet debt of recently nationalised banks, total debt today is not the £700 billion that the Government acknowledge but as my right hon. Friend the Member for Wokingham indicated, a whopping £4.6 trillion. In other words, it is not 40 per cent. of GDP or even 48 per cent., as the figure of £700 billion implies, but almost 300 per cent. That is about £200,000 for every household in the country.

According to some estimates, it will take us until 2030 to bring the debt to GDP ratio back to 40 per cent. That is the Prime Minister's legacy to our children and our children's children. Yet in October 2008 he said:

"I have to say to you that we face this situation as a country with relatively low national debt".

If that is the case, why is UK Government debt considered riskier than that of McDonald's?

What is the Government's solution? The VAT cut cost £12 billion, and in the words of President Sarkozy it has "absolutely not worked". The Monetary Policy Committee has cut interest rates to a record low without benefits being passed on to businesses and borrowers. I learned in a recent meeting with the Essex branch of the Federation of Small Businesses that many businesses are having either facilities withdrawn or spreads widened. A case in point is an automotive parts manufacturer in my constituency that has a £2 million loan outstanding. Notwithstanding the economic climate, it is still generating £2 million a year of cash flow, yet an internal decision taken at its bank that automotive loans should be withdrawn has meant that a perfectly healthy business is facing closure.

The banks are not reciprocating taxpayers' continued trust and investment in them by maintaining support for perfectly healthy businesses in my constituency, in Essex and up and down the country. The Government have made a number of headline-grabbing proposals, including those noted in the motion: the working capital scheme, the national internships scheme, the asset-backed securities guarantee scheme, the homeowners mortgage support scheme, the car manufacturers finance guarantee and so on. None of them has yet been implemented.

In the meantime, by scrapping the 10p tax rate the Government are hurting some of the lowest paid in our country. The problem is compounded by the record low interest rates, which are hurting millions of pensioners up and down the country, some of whom are receiving 0.1 per cent. interest on their savings accounts. Only two years ago, in a speech on 11 May 2007, the Prime Minister said:

"If you work hard, you're better off. If you save, you're rewarded. If you play by the rules, we'll stand by you."

However, in all their proposals the Government are doing absolutely nothing for those who have been thrifty and saved all their lives, especially pensioners.

On 21 March 2007, again only two years ago, during his Budget statement the now Prime Minister reiterated his mantra that we would never

"return to the old boom and bust."—[*Official Report*, 21 March 2007; Vol. 458, c. 816.]

Yet today we face one of the worst budget deficits in living memory, record borrowing both on and off balance sheet, a collapse in sterling, unemployment breaking the 2 million barrier—as the hon. Member for Coventry, North-West (Mr. Robinson) acknowledged, it is likely to climb to 3 million—and an economy shrinking both this year and next at a rate greater than almost any other western economy.

Still the Prime Minister refuses to acknowledge that if he is not the cause of the collapse of UK plc, he is its architect. For that, at least, he should come to the House and apologise to the British people for taking Britain from boom to bust.

6.15 pm

**Mr. Robert Syms** (Poole) (Con): I declare my interest as stated in the Register of Members' Interests.

The debate has been interesting. I was at school in the early 1970s, when there had been a liberalisation of credit and a property boom. In 1973, 1974 and 1975, we had a bust. The difference was that the Bank of England created a lifeboat so that Slater Walker was wound

down, along with several other banks and institutions. I think we had a problem with Burmah Oil, which ran out of cash and lost its shares in British Petroleum to the Government, who bailed it out.

The crisis was similar, but the difference was that the Bank of England knew what was going on, got money together and sorted out the banking system in a few years. The changes that the Prime Minister made when he was Chancellor to the independence of the Bank of England have made a difference to our regulatory regime. Had the Bank of England retained its former role, I cannot conceive of being where we are today.

Having said that, the City is a vast institution and we have some sophisticated banks. Our country rather depended on our property values and there were imbalances in the world economy, in which many countries generated too much in savings but Britain did not save enough. Savings flowed into our British economy and our banking system used them to sustain a property boom. Inevitably, the bust followed.

To be fair, no one could foresee that the billions of pounds in the wholesale money markets would disappear as quickly as they did. If one is honest, one must recognise that that has probably caused an unprecedented problem. However, it has always been clear that that sort of money is hot money and that, in the long term, the most sustainable form of investment in the economy is savings and people putting money in banks in an old-fashioned way.

There is now a massive hole in the British economy, which must somehow be plugged. It means a major adjustment to housing prices—the sooner that occurs, the better, so that the market can start to function normally again. Sterling has been devalued, and although I have mixed feelings about it, we can say, "Thank God we're not in the euro," because it means that the British Government can use economic and monetary policy by reducing interest rates and, to some extent, letting the currency take the strain. We also have the automatic stabilisers and the modest economic stimulus that the Government introduced, although I am not sure that the latter will make much difference.

Three things have caused a major problem. First, as the crisis has unfolded, the Government have been behind the curve because they have come back with progressively bigger bail-outs and further help for the financial system. That has knocked confidence because people do not know where it will end and there have been a few surprises. My right hon. Friend the Member for Haltemprice and Howden (David Davis) set out what happened in Sweden, where everybody had to come clean to ascertain the damage at the beginning of a crisis. That would have been a far better way of dealing with the damage to our financial system.

Secondly, although many of the Government's announcements have been broadly welcomed, it is a fair criticism that the detail was not worked out before the announcements were made. There has been a tendency to try to get headlines in the newspapers. Even when the schemes have been worked out, many people in the banking system and various other parts of the economy are not always aware of the detail. Many bemused businesses and constituents who have read about schemes in the newspapers have approached me to ask, "What's going on? Can we get it?" There is genuine confusion.

Not only do more details need to be worked out, but there has to be more collaboration with the financial system and a system for disseminating information. In times gone past, benefits have been advertised in order to increase take-up among people. The Government ought to consider advertising as a means of getting across the message about where people can access schemes. The Minister has talked about a website; perhaps advertising the website would be a way of getting that message across. When people are in need and they think that some help is out there but cannot find out where it is, that tends to cause confusion and make them feel rather dispirited.

Thirdly, the Government have to give a clear lead about where we are going. It does not help that at each stage of the economic crisis the Government have tended to go for a rosy scenario. The last full Budget was a "hope for the best" Budget. The growth figures in the pre-Budget report looked unrealistic even then, and they will need to be revised. The economic situation is deteriorating, but that was always likely to be the case. We will have a new Budget in April that will contain even more red ink detailing the Government deficit and Government debt, and the predictions of growth will probably be downgraded again. That knocks confidence.

My hon. Friend the Member for Tatton (Mr. Osborne), who made the first speech that we heard this afternoon, put his finger on the main problem, which is the fact that the banks have had a bail-out but have been given mixed messages about what to do. We all have evidence that ordinary banking involving making loans to companies—many of them viable and profitable companies—is not occurring. There is a credit crunch in the British economy that is having an effect on businesses that are long-term and viable, but which face real problems in the short term.

The Government have to iron out their version of the relevant scheme to try to get money moving in the economy. I have been in business for most of my life—I have a background in construction and property—and I have never known a situation like this. It is dire out there. Many people are hanging on by their fingernails. We need clear leadership from the Government about where they are going and clear information about the schemes that they are promoting, because we are going through a very difficult time indeed.

We have had the financial shock and now we have the shock of the recession, with many people losing their jobs. However, levels of personal debt are substantially higher today than they were in the early '90s. That means that if people's incomes are diminished, it does not take very long for them to get into serious financial problems, even with the help that is available through the various schemes. That will eventually create a problem for the banking system, too.

We are in for tough times. I agree with my hon. Friend the Member for Tatton that our economy might be configured very differently at the end of this recession and that we may look at things differently. We have to use our good offices to resist protectionism, which is a cul-de-sac, but we also have to get our banking system working properly; otherwise the long-term consequences and the damage to the social and economic fabric of our nation will be dire.

6.23 pm

**Mr. Peter Bone** (Wellingborough) (Con): It is a great pleasure to follow my hon. Friend the Member for Poole (Mr. Syms), who made a powerful speech about the issues that affect people. I was particularly taken by his remarks about the pound. The pound has gone down from $2.11 to $1.35, which represents other countries' views of how bad our economy is. However, we are talking about a market mechanism that has worked well, because it means that our exports are now cheaper in America. American imports are more expensive in this country, which is also the market working. However, as my hon. Friend said, that would not have happened if we had been in the eurozone.

I refer Members to my entry in the Register of Members' Interests, and particularly to the fact that I am a fellow of the Institute of Chartered Accountants in England and Wales. I want to say from the beginning that I do not think that auditors have come out of this series of events with great credit.

I have learned a lot from sitting here for several hours today. The speeches from both sides of the House have been useful, new ideas have come up, and things that I had not thought of have been mentioned. I find it disappointing, however—I say this with sadness—that the Chancellor was not here today. It is also particularly disappointing that we have not had a debate on the economy in Government time. All these billions of pounds have been spent without the issue being discussed in detail in the Chamber. I want to say to the junior Minister that I think it unfortunate that the Chancellor was unable to attend. I notice that he was here for Prime Minister's questions, but I am sure that he had a pressing engagement in a television studio somewhere in the country afterwards. I am making a serious point about what I see as a discourtesy to Parliament.

I want to turn first to unemployment. I have run a manufacturing company and a service company, and the most difficult thing that I ever had to do in business was to tell people who had worked for me for years that they no longer had a job. I had sleepless nights beforehand, and sleepless nights afterwards. It was the worst thing that I ever had to do in business, so it gives me no pleasure at all to read out these figures. In February 1997, there were 2,063 people unemployed and claiming jobseeker's allowance in Wellingborough. Unfortunately, the figure today is 3,098. That represents a 50 per cent. increase since 1997.

I recall that the Conservatives were thrown out of power in 1997 on a landslide, partly because of what had happened in the economy. I think that we have now reached a desperate situation in my constituency, and I say that with no satisfaction. We face a real problem. Thinking back to that rather nice little tune, "Things can only get better", I can tell hon. Members that they certainly have not done so in Wellingborough. We are significantly worse off than we were in 1997, and I fear that that situation is spreading across the rest of the country.

I recently received a phone call from the managing director of a large employer in my constituency. I will not mention the name of the company for obvious reasons. It is a very good, well-established company that employs a lot of people, but, like everyone else, its orders have gone down because of the downturn in the economy. So what did one of the banks that we now own do? It went along to that company and said, "By the way, because your level of interest to turnover has fallen below a figure that we don't like, we are going to increase the interest on your borrowings by 2.5 per cent., or £750,000, a year." That could force this very good company either to lay off staff or to go under. That cannot be—I know that it is not—what the Government intended the banks to do, but that is what is happening in Wellingborough now, and it worries me greatly.

One of the reasons that that is happening, in general terms, is that the banks had two options. One was to lend money to companies; the other was to get their capital ratios up by reducing such lending. The banks have gone for the latter incentive to improve their capital ratios. There is a strong argument for the Government giving a lead in the other direction on this. We cannot ask the banks to do both; it has to be one or the other, and they need some direction. I shall come back to the banks later if I have time.

I want to talk about the business of bringing forward capital projects to increase employment. I see that as a very good idea. If capital projects could be brought forward, we would get the benefit of employment as well as a capital asset at the end of the day, which seems perfectly reasonable to me. In Wellingborough, however, we have a very strange situation.

The further education college was given the go-ahead for a major redevelopment and it spent £1 million just getting it all arranged. Unfortunately, this major redevelopment also means knocking down the existing premises, moving on to a car park and allowing for the whole redevelopment of the town centre in Wellingborough. The go-ahead was supposed to be given on 17 December, but when 17 December came, no go-ahead was given. It was supposed to come last week, but the same thing happened again. We are told that the reason for the delay is that a Government quango had said to too many colleges that they could expand, so they have been left without the funds. Well, if now is not the time to bring forward funding for FE colleges, I do not know when is. I ask the Minister to address that. The Government said, quite logically, that something was going to happen, but it has certainly not happened on my patch—indeed, just the reverse.

The bringing forward of capital projects does not seem to be happening in the NHS. My constituency is seeing the closure of an out-patient facility. In fact, a quarter of the people in Rushden wrote to me to complain about the closure, but the replacement facility, which is in another constituency, is not going ahead; there is a delay. That new facility could go ahead in my constituency right now; the land and plans are available, so why is it not being done?

Let me deal with an issue where I think the Government have made a complete mess of investment in the banks. They have gone into the mode of saying, "We must do something; we must do something. We must get a press release out; it does not matter what it is, but we must get a press release out." I do not expect the Minister to nod in agreement, but I am sure that some wise heads in the Treasury were saying that the schemes must not be announced until they are place. However, I also bet that some spin doctors were saying, "We must get it out; we must get it out". I think that is what has happened.

On the wider front, all this started with a mere £37 billion investment into a few banks. I know that it has ballooned into billions and billions more, but if we go back to that initial £37 billion, the share subscription documents that the Government drew up must have been drawn up on the back of an envelope. They produced preference shares and we were led to believe that that was how this would go forward—with a 12 per cent. coupon, non-cumulative, that was going to be redeemable after five years. That was impossible; that was never going to happen. Those preference shares have now been converted into ordinary shares.

In my view, this Government have had no strategic policy and no confidence building; they have been running around like headless chickens.

6.34 pm

**Mr. Philip Hammond** (Runnymede and Weybridge) (Con): The country is facing its biggest economic crisis in a generation. In the last 24 hours, we have heard from the International Monetary Fund not only that Britain's recession is deeper than that of any other western country, but that next year, while they will be growing, we will still be shrinking. We have seen unemployment figures rising at the fastest monthly rate since the 1930s, topping the 2 million mark. According to many commentators—indeed, according to the hon. Member for Coventry, North-West (Mr. Robinson)—that figure is heading rapidly towards 3 million.

**Mr. Geoffrey Robinson:** I did not give the forecast that the hon. Gentleman has quoted and I did not use the word "rapidly", but it is true that some forecasts point in that direction.

**Mr. Hammond:** The hon. Gentleman said that unemployment would rise by another million. We shall all read the record avidly when it is published tomorrow.

Of course, if the Government had not put off the Budget until the end of April, we would have had more bad news. We would have had an updated projection for next year's budget deficit, which—I do not think anyone will bob up to disagree with this—is likely to be nearer £140 billion than the £118 billion that was projected just four months ago.

We have also seen Lord Turner's devastating critique not just of the financial regulatory system that the Prime Minister put in place but of his model of economic growth, based on global imbalances, huge bank leverage, and unsustainable levels of public and private debt. Against that backdrop, we have had to debate the economy in Opposition time—and we are debating it without the Chancellor, who cannot even be bothered to turn up to defend himself and his boss, and his own policies, and respond to the momentous economic news that we have heard today, although he was in the Chamber for Prime Minister's questions not 10 minutes before this debate began—so much for the Prime Minister's commitment to restoring the supremacy of Parliament. People listening to and watching this debate will draw their own conclusions about the Chancellor's motives.

In fact, we have had no debate on the economy in Government time this year. Even when stung into reaction by the announcement a couple of weeks ago of today's debate, the most that the Government have been willing to concede is a general debate on the economy the week after next, on a non-substantive motion.

We called today's debate because people throughout Britain who face redundancy, short-time working, layoffs, pay cuts, business failures, negative equity and repossessions cannot understand why Parliament is not debating the economic crisis all day, every day—never mind why it has not debated it this year. "Real help now" is the slogan, and I have a copy here of the glossy brochure that the Government have produced to promote it. But we have heard from Members this afternoon how hollow that slogan is, and it is clearly not a piece of rhetoric that the Chancellor is prepared to come here to defend. Nevertheless, I have to say—perhaps the Exchequer Secretary will convey this to the Chancellor—that even without him we have had a useful debate. Let me now mention just some of the important issues that have been raised in the course of it.

The shadow Chancellor, my hon. Friend the Member for Tatton (Mr. Osborne), set the tone with a forceful case against the Government, along with a devastating analysis of Labour's failure to prepare the British economy for the problems that we now face and its continued failure to address those problems once they were upon us. Some of my hon. Friends offered specific examples of the failure of the Government's announced programmes to deliver.

The hon. Member for Twickenham (Dr. Cable) made the important point that there is a distinction to be drawn between the institutional implementation of a programme and that programme's delivery of results at the sharp end. My hon. Friend the Member for Bournemouth, West (Sir John Butterfill) gave examples of constituents to whom the loan guarantee schemes were simply not available. We heard from my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) of the inability of a constituent of his to access an announced career development loan, and, perhaps even more worrying, the unawareness of his local jobcentre staff of that scheme.

My hon. Friend the Member for Bosworth (David Tredinnick) gave an example of a denial by banks of access to one of the guarantee schemes for a company in his constituency. My hon. Friend the Member for Sevenoaks (Mr. Fallon) told us just how patchy knowledge and awareness of those schemes is, not just among jobcentre staff but among businesses. That point has been reinforced by the director general of the CBI.

I think it was my hon. Friend the Member for Crewe and Nantwich (Mr. Timpson)—although he is a relatively new Member, he obviously has the knack of seeing right through the issues—who identified the problem, which is the Government's instinct to announce first and work it out later. His point was reinforced by the hon. Member for Northampton, North (Ms Keeble), who said that when something is announced it must be available. I hope that those on her party's Front Bench will take that message on board. She went on to explain the disappointment, confusion, dismay, anger and frustration caused when schemes that are supposed to be available are simply not there. That confusion, particularly in relation to help in the job and housing markets, adds to the loss of confidence, which, as my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) pointed out, is so important at a time like this. My right hon. Friend the Member for Haltemprice and Howden (David Davis) reminded the House that Keynes himself came to recognise the critical role of

*[Mr. Philip Hammond]*

confidence in an economic recovery. The recovery of confidence is, as a number of hon. Members pointed out, a necessary, if not a sufficient, condition for economic recovery and must be a principal focus of the Government's attention.

Several hon. Members focused on the underlying problems in the banking system. My right hon. Friend the Member for Haltemprice and Howden drew attention to the very different models of Japan and Sweden, and the banking crises they had both suffered. He noted that the Government appear to be following the Japanese model of fiscal loosening while failing to get to grips with the problems in the financial system, and to be shying away from the Swedish response, which was ultimately successful. He offered a credible explanation for that choice: the Swedish route, of recognising the problems in the banks up front and taking them explicitly on to the balance sheet and dealing with them, requires some tough decision making, while the Japanese approach pushes the problem down the line to be dealt with and paid for later on. We all know that this Government's inclination is to push problems down the line—certainly beyond May 2010—even if that gives rise to the risk of zombie banks being created, as my right hon. Friend suggested.

My right hon. Friend and a number of other Members referred to the challenge of defining the limits of taxpayer responsibility for banks in future, whether by some Glass-Steagall type approach or by other means. There was general consensus that the taxpayer will not in future be prepared to stand behind the kind of behaviour we have seen in the investment arms of banks. We will have to find a way forward—looking at the Turner report and the recommendations of Sir James Sassoon to the shadow Chancellor—to build a new structure that will protect the taxpayer while allowing a banking system to operate for the benefit of the real economy in this country.

My hon. Friend the Member for Aldershot (Mr. Howarth), my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) and my right hon. Friend the Member for Wokingham (Mr. Redwood) reminded us of the flimsy basis on which the Prime Minister's reputation for financial management was built. His great coup of the Bank of England reform of 1997 is now exposed as having delivered a dysfunctional regulatory system. As my hon. Friend the Member for Braintree (Mr. Newmark) said, the problems we are now facing began on the first day of this Labour Government, when the now Prime Minister crossed the threshold of No. 11 Downing street. My right hon. and learned Friend the Member for Folkestone and Hythe reminded us—contrary to what some Labour Members suggested—how he and others were warning in November 1997 that this undermining of the Bank of England would create "a field day" for "spivs and crooks". Again, in 2002, 2003 and 2004, when he categorised the then Chancellor's Budget as a "credit-card Budget", he—and others—were warning of the hollowness of an economic model that built an economy on the sand of excess debt. The truth is that my right hon. and learned Friend and other hon. Friends have consistently warned about the risks the then Chancellor was running with the economy, and they were consistently ignored.

Several Members referred to the confusion in Government policy towards the banks—on the one hand urging greater lending, on the other hand urging them to rebuild their balance sheets. Several Members also gave examples of banks that do not appear to have received the message from head office of the deal that the Chancellor and Prime Minister tell us they have done on extending lending to businesses that need support. This problem urgently needs resolving if the measures that the Government have taken are to deliver a freeing-up of lending at the sharp end.

There were a couple of interesting speeches made by those on the Labour Benches. The hon. Member for Newcastle upon Tyne, North (Mr. Henderson) used the D-word about this recession—I am sure that he will get a note about that later from the Whips. He accused the Conservatives of not being prepared to face up to what he called the "new economic situation". I should say to him that it is precisely because we are facing up to the fact that the challenges that the economy faces are on a scale not seen before and that the changes we will see in it require a sea change in our thinking that we have resisted signing up to the easy consensus being offered by Labour Members. We have insisted on taking on the chin the really difficult challenges that have to be dealt with. It is he and his colleagues who are not prepared to face up to the fact that their Government did not prepare the United Kingdom to withstand this downturn—they are the ones who are guilty of gross negligence and dereliction of duty in preparing the UK for the problems it faces today.

Anyone listening to this debate would recognise that there have been massive failures of Government policy, both in the decade to 2007 and in the Government's response to the crisis since. I do not know where the Chief Secretary to the Treasury stands on the issue of apologies, but her boss and her husband have given one, yet the Prime Minister still insists on saying that he has "nothing to apologise for"—that is how the British people will remember him. He will be remembered as the Prime Minister who brought destruction upon the economy, but who says that he has nothing to apologise for—not the failure of his regulatory system, which contributed to the global crisis in the first place; not his failure to manage our public finances, which meant that we went into this recession less well prepared than any other major economy; not his hubristic claim to have abolished boom and bust, which led many people to borrow money they could not afford, a decision that they regret now and will regret for the rest of their lives; not his grandstanding abroad when he should have been fixing the problems at home; and not his endless stream of ineffectual announcements, which are still not delivering today for the businesses and the households of this country.

A Prime Minister who implemented a financial regulation system that has failed so catastrophically, who operated a model of economic growth based on unsustainable public debt, unsustainable global imbalances and unsustainable household debt and who cannot acknowledge those failures, even now, cannot be part of the solution. He is the problem, he is the past, and the sooner we move on to the future, the better for Britain.

6.48 pm

**The Exchequer Secretary to the Treasury (Angela Eagle):** We have had an interesting debate and I wish to

mention a few of the contributions that I have enjoyed listening to this afternoon. First, I should mention the one made by my hon. Friend the Member for Coventry, North-West (Mr. Robinson). He pointed out the untenable Conservative position of calling the Government response to the current conditions inadequate, while being against the Government's spending, which is needed to pay for any action at all. The speech made by my hon. Friend the Member for Crawley (Laura Moffatt) recognised the really difficult times for people and businesses that the current conditions we are battling are causing us to have to deal with.

My right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) and my hon. Friend the Member for Elmet (Colin Burgon) gave us a critique of neo-liberalism and, in some cases, a timely analysis of the problems of inequality. My hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) cited Galbraith's statement about where the wise got their wisdom, but pointed out that the Tories are not ideologically comfortable with the direction that is needed to get us through the current problems. My hon. Friend the Member for Northampton, North (Ms Keeble) made an extremely good speech, talking passionately about the unfavourable consequences of the Conservative do nothing approach to the recession of the 1980s and 1990s, contrasting that with the Government's action so far.

The main themes of the speeches by Opposition Members can be summed up in two words. Many Opposition Members, including the right hon. Member for Haltemprice and Howden (David Davis) and the hon. Members for Eddisbury (Mr. O'Brien) and for Wellingborough (Mr. Bone), talked about the need to restore confidence. If they wish to restore confidence, why do they go around scaremongering about levels of debt? Why do they talk down the British economy and emphasise the negatives, rather than help us battle the serious problems that we face?

Other Opposition Members talked about how the problems here were caused by the Bank of England and the creation of the tripartite arrangements, but that has not had anything to do with the global recession that we now face. In fact, the problems of the global credit crunch have been manifested in every country, despite very different styles of financial regulation. Clearly, there are lessons to be learned, and Lord Turner has talked about some of those in the publication of his report today, which the Chancellor requested last October. The problems are deeper, as Lord Turner pointed out, and include the complex financial engineering that was going on, and the global imbalances between saving and spending, which manifested themselves in low-priced credit. All those issues have to be solved if we are to create a sustainable future.

This debate has demonstrated the real differences that we have with the Conservatives over how to tackle the unprecedented economic challenge that we now face. The Conservatives like to insist that somehow the downturn we are now experiencing is all the fault of our domestic policy. In fact, the credit crunch began in the American sub-prime mortgage market. As it has reverberated around the world, we have seen a noticeable deterioration in global economic prospects. In the last quarter of 2008, the world economy shrank for the first time since 1945. The IMF now expects global growth to be negative in 2009. That will be the first global contraction for more than 60 years.

The battle to end this global financial crisis and return the world to sustainable growth demands new ways of thinking and new ways of acting, both domestically and internationally. There are three priorities. First, the global economy is interconnected, so we can succeed only if we work together. Secondly, we need to stimulate demand and, thirdly, we must reform both regulation and international financial institutions.

Whether the Tories like it or not, the fact is that the problems we are facing are shared across an interconnected world. It is only by acting together that we can tackle them effectively. That is why the G20 conference is so important. Our national action will be more effective if it is accompanied by globally co-ordinated responses. That is especially true of boosting demand and reforming regulation.

What have we heard from the Conservatives to match the scale of the task that we face? The need for major changes to our systems of financial services regulation is obvious—

**Mr. Redwood:** When did Treasury Ministers first become aware that there was a debt crisis in this country?

**Angela Eagle:** Far from demanding more regulation during the passage of the Financial Services— *[Interruption.]* The Conservatives spent their entire time in government and in opposition calling for less regulation, for markets to be free, and for markets to make the decisions. The right hon. Gentleman is one of the major causes and supporters of deregulation in the financial markets—*[Interruption.]* They do not like— *[Interruption.]*

**Mr. Deputy Speaker (Sir Michael Lord):** Order. The House gave a fair hearing to the Opposition spokesman in the wind-ups. These are extremely serious matters. Outside this House, people are watching the way in which we are debating them with great anxiety and the House should give a fair hearing to the Minister who is winding up.

**Angela Eagle:** Perhaps I might ask the right hon. Gentleman when he first gave me a warning about what was happening with debt in the British economy.

We have heard that somehow all these issues are problems caused by our national regulatory arrangements. They clearly are not, because they manifest themselves around the developed world in advanced financial services and, in particular, in banks.

Far from demanding more regulation during the passage of the Financial Services and Markets Act 2000, which created the current tripartite arrangements, the Conservatives called for less. The right hon. Member for Wells (Mr. Heathcoat-Amory), for example, said from the Tory Front Bench on Second Reading of that Bill that

"we believe that regulation should be minimal"

and that their concern about the Bill was

"the danger of over-regulation".—[*Official Report*, 28 June 1999; Vol. 334, c. 42-44.]

*[Angela Eagle]*

The hon. Member for Chichester (Mr. Tyrie) expressed similar concerns. Four years later the then shadow Chancellor, the right hon. Member for West Dorset (Mr. Letwin), announced that an incoming Tory Government would abolish or rein in the FSA because of its "intrusive regulatory regime".

In March last year, in the middle of the credit crunch, the Leader of the Opposition was still at it when he said:

"I understand totally that the strength and success of the City of London has been based on light-touch regulation".

It is little wonder then that just as the credit crunch took hold the right hon. Member for Wokingham (Mr. Redwood) was unveiling plans to scrap completely the regulation of all mortgages. So, are the Opposition in favour of boosting demand?

**Rob Marris:** Does my hon. Friend find it strange that the Conservatives in opposition now castigate the Government for proposing to double the national debt in the light of the worst world recession since 1946, yet the previous Conservative Government doubled the national debt when there was not such a deep world recession at all? They were the profligate ones, whereas we have had to pick up the pieces and pay down some of that national debt.

**Angela Eagle:** My hon. Friend is right.

Are the Conservatives in favour of boosting demand to give real help now, just when it is needed, at the beginning of a recession? No, they are not. They are alone in the world in proposing huge spending cuts. They would repeat the mistakes of the past. They would take us back to the 1930s by weakening demand just when it needs to be strengthened. They have proposed to cut £5 billion from current spending plans by April this year. That is two weeks from now. Two days ago, the Leader of the Opposition was saying that Labour's determination to support demand and protect real people from the effects of the downturn was unaffordable. He said, "Does that mean some areas will be cut? Yes it does."

The Tories also opposed the £20 billion injection of demand into the economy that we announced at the pre-Budget report. That means that based on the policies that they have announced—we have heard precious little of most of them—they would take £25 billion of spending out of our economy just as the recession is at its worst. They would let this recession take its course, whereas with real help now we have ensured that 12 million pensioners have received a £60 extra payment since January to support them at this difficult time—the Tories, however, are opposed to it.

In April, all 22 million basic rate taxpayers will get a £145 tax cut. That is real help now, but the Tories are opposed to it. They make the completely unfounded assertion in the motion that the temporary cut in VAT has not worked. Evidence from the independent ONS shows that the tax cut has been reflected in price reductions in 70 per cent. of cases—*[Interruption.]*

**Mr. Andrew Robathan** (Blaby) (Con) *claimed to move the closure (Standing Order No. 36).*

*Question put forthwith,* That the Question be now put.

*Question agreed to.*

*Question put accordingly (Standing Order No. 31(2)),* That the original words stand part of the Question.

*The House divided:* Ayes 217, Noes 283.

**Division No. 78]** **[6.59 pm**

**AYES**

Afriyie, Adam
Ainsworth, Mr. Peter
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cox, Mr. Geoffrey
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Henming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark

Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Roffey, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Willetts, Mr. David
Williams, Mr. Roger
Williams, Stephen
Wilis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

**Tellers for the Ayes:**
**Mr. Stephen Crabb and Bill Wiggin**

**NOES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Cleland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim

McGuire, rh Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Steele, Dr. Howard
Strang, rh Dr. Gavin
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Vis, Dr. Rudi
Walley, Joan
Watts, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Wishart, Pete
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony

**Tellers for the Noes:**
Claire Ward and
Ms Diana R. Johnson

*Question accordingly negatived.*

*Question put forthwith (Standing Order 31(2)),* That the proposed words be there added.

*The House divided:* Ayes 276, Noes 217.

**Division No. 79]** **[7.15 pm**

**AYES**

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony

Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Steele, Dr. Howard
Strang, rh Dr. Gavin
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Vis, Dr. Rudi
Walley, Joan
Watts, Ms Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony

**Tellers for the Ayes:**
Claire Ward and
Mr Shaun R. Johnson

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cox, Mr. Geoffrey
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Penrose, John

| | |
|---|---|
| Pritchard, Mark | Thurso, John |
| Randall, Mr. John | Timpson, Mr. Edward |
| Redwood, rh Mr. John | Tredinnick, David |
| Reid, Mr. Alan | Turner, Mr. Andrew |
| Rennie, Willie | Tyrie, Mr. Andrew |
| Robathan, Mr. Andrew | Vaizey, Mr. Edward |
| Robertson, Angus | Vara, Mr. Shailesh |
| Robertson, Hugh | Viggers, Sir Peter |
| Robertson, Mr. Laurence | Villiers, Mrs. Theresa |
| Rogerson, Dan | Walker, Mr. Charles |
| Ruffley, Mr. David | Wallace, Mr. Ben |
| Russell, Bob | Walter, Mr. Robert |
| Sanders, Mr. Adrian | Waterson, Mr. Nigel |
| Scott, Mr. Lee | Watkinson, Angela |
| Selous, Andrew | Weir, Mr. Mike |
| Shapps, Grant | Whittingdale, Mr. John |
| Shepherd, Mr. Richard | Willetts, Mr. David |
| Simmonds, Mark | Williams, Mr. Roger |
| Simpson, Mr. Keith | Williams, Stephen |
| Smith, Sir Robert | Willis, Mr. Phil |
| Soames, Mr. Nicholas | Wilott, Jenny |
| Spelman, Mrs. Caroline | Wilshire, Mr. David |
| Spicer, Sir Michael | Wilson, Mr. Rob |
| Spring, Mr. Richard | Wilson, Sammy |
| Stunell, Andrew | Wishart, Pete |
| Swayne, Mr. Desmond | Wright, Jeremy |
| Swire, Mr. Hugo | Yeo, Mr. Tim |
| Syms, Mr. Robert | Young, rh Sir George |
| Tapsell, Sir Peter | Younger-Ross, Richard |
| Taylor, Mr. Ian | **Tellers for the Noes:** |
| Taylor, Matthew | **Bill Wiggin and** |
| Teather, Sarah | **Mr. Stephen Crabb** |

*Question accordingly agreed to.*

*The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).*

*Resolved,*

That this House recognises the impact the international credit crunch is having across the world and for households and businesses in every region of the UK; supports the Government's decisive action to stop the banking system collapsing, secure the sector's role in supporting the economy, households and businesses and remove blocks to sustainable lending; notes the agreements made with Lloyds, RBS and Northern Rock to increase lending to individuals and firms; welcomes the action in line with other countries across the world to boost the economy this year and next with targeted support to people and businesses including the value added tax cut, helping homeowners avoid repossession, a range of measures to provide finance and defer tax liabilities for business, pensioner payments, increased child benefit and a tax cut of £145 for 22 million basic rate taxpayers; further notes the extra resources to support those facing redundancy and seeking work; further supports the bringing forward of capital projects to improve public services and infrastructure, and provide jobs now; further notes that the Government has set out measures to deliver sustainable public finances; further welcomes the Government's leadership of the G20 and its focus on co-ordination between countries, equipping the International Monetary Fund and the World Bank with the resources and tools needed, and reform of global financial regulation; and further supports the Government taking action now to come through stronger and faster so that the UK can take advantage of the world recovery.

# Business without Debate

## DELEGATED LEGISLATION

**Mr. Deputy Speaker (Sir Alan Haselhurst):** With the leave of the House, I shall take motions 3 to 7 together.

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

### Transport

That the draft Renewable Transport Fuels Obligations (Amendment) Order 2009, which was laid before this House on 9 February, be approved.

### Pensions

That the draft Financial Assistance Scheme and Incapacity Benefit (Miscellaneous Amendments) Regulations 2009, which were laid before this House on 11 February, be approved.

### Electricity

That the draft Renewables Obligation Order 2009, which was laid before this House on 11 February, be approved.

### Representation of the People

That the draft European Parliamentary Elections (Northern Ireland) (Amendment) Regulations 2009, which were laid before this House on 25 February, be approved.

That the draft European Parliamentary Elections (Amendment) (No. 2) Regulations 2009, which were laid before this House on 10 March, be approved. —*(Barbara Keeley.)*

*Question agreed to.*

## Ford Eco-town

*Motion made, and Question proposed,* That this House do now adjourn.—*(Barbara Keeley.)*

7.27 pm

**Nick Herbert** (Arundel and South Downs) (Con): I am grateful for this opportunity to raise the question of the proposed eco-town at Ford, which would lie in my constituency and should it be given the go-ahead, in the constituency of my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb). It is a proposal for 5,000 new houses, and the size of that development means that the settlement would dwarf any of the existing settlements in my very rural constituency of Arundel and South Downs.

I have three key concerns about this proposal, which are widely shared by the local community and by the elected local authorities. The concerns are: the impact on the countryside and the rural character of the area; whether we have adequate infrastructure to support development on this scale; and the democratic issue—whether there is consent, whether people are being properly consulted and who should decide where development should go.

First, I shall talk about the impact on the countryside. I do not know whether the Minister has been to this part of the world, but Ford is a tiny village that lies in the Arun valley, below Arundel, which is a stunning location sited on the edge of the south downs. The Ford eco-town would be very close to an area of outstanding natural beauty and potentially a national park if the Government were to give it the go-ahead. Were an eco-town, effectively a new town of 5,000 houses, to be located at that site, it would clearly dwarf the existing hamlet of Ford and effectively join up small villages including Yapton and Climping. It would create what would amount to a new sprawl of development that would not just include the eco-town itself but begin to join the existing villages. At a stroke, open countryside would have been transformed into a suburban setting. That is unacceptable.

I was immensely concerned by how the developers sought to promote the development by arguing in their initial literature that it would be on a brownfield site. Yes, an airfield forms part of the site, but in fact 87 per cent. of the construction would be on greenfield land. The Government's own sustainability appraisal identified a number of key weaknesses in the Ford eco-town proposal, including the fact that the site is almost entirely greenfield and that there would be building on high-grade agricultural land—at a time, by the way, when we should probably be increasing food production in our country and worried about food security. The appraisal also stated that

"although the area is not designated there is still a potential to change the setting and character of local villages"

such as those I have mentioned.

The flood risk also needs to be addressed, and the Government acknowledged that, too, as a key weakness in their sustainability appraisal. The appraisal acknowledges that, as a coastal area, Arun district is

"likely to experience some of the most severe impacts due to climate change";

and that there is a particular risk to ground water supplies. In an era when we have to be concerned about climate change, those should be serious concerns.

The second category of objections that I wish to raise are those related to infrastructure. The developers originally told us that they would be able to spend £200 million on improving local infrastructure, of which, I should emphasise, we already have a significant deficit. We have very congested roads, including the A27, which is meant to be a coastal highway but is in fact a coastal car park. It is congested at key times, which I believe contributes significantly to the relative deprivation of Littlehampton and other coastal areas. Frankly, despite their proximity to London, the poor transport links of those areas have made them unable to share in the economic gains that other areas in the south-east have made in recent decades.

It is that absence of adequate infrastructure, even with the current level of housing, that is of particular concern to local authorities. Clearly an additional 5,000 houses would create a huge challenge, for instance through the additional cars on the roads, even if it is supposed that a proportion of those cars would not be used because of the nature of the eco-town proposal. I make no general comment on eco-towns; I am making site-specific objections to the Ford proposal.

The reality is that even in a city such as Brighton two thirds of households use cars, and that is in a city that is reputed to have exceptionally low car use. In my rural constituency there is 85 to 90 per cent. car ownership, and those who do not have cars are significantly disadvantaged. They cannot get about in rural West Sussex, even if they live in villages that are served by railway stations. I do not believe that the existence of a railway station at Ford—there is a question about whether it needs to be moved—is adequate mitigation against the loss of access that people would suffer if a new town were sited in the middle of the countryside, from where it is frankly unrealistic to expect them to be able to get around except by car. That is a major flaw in this particular scheme.

The Arundel bypass has been awaited for decades. At one stage, it was about to be put in the Government's programme, but it is now a distant prospect, which will not even start until 2016. According to West Sussex county council, the indications are that the bypass is being pushed back, not forwards. There is a genuine question about whether the eco-town would be viable without a bypass around Arundel, given all the additional traffic that it would generate. There is also a conflict between the Government's advisers, who said that it would be wrong to build a bypass, and the developers, who originally said that one would and should be built and that they would provide money for it. Now they say that the eco-town does not depend on the bypass.

It is impossible to conceive of siting a new settlement of 5,000 people without that upgrade in the key local road. It would mean major traffic congestion in the villages and in Arundel. That is a severe flaw in the scheme. Will the Government tell us whether plans for the Arundel bypass will be brought forward as part of the proposal for the eco-town?

There is a further discrepancy in some of the developers' infrastructure promises. They say that they will produce a waste facility, but it will clearly rely on importing enormous amounts of waste from outside the proposed new settlement. The sustainability of that is questionable.

*[Nick Herbert]*

Where will the waste come from? The proposal is out of kilter with West Sussex county council's existing programme. It has invested massively in a new waste treatment plant in the north of the county, to which the county's household and municipal waste will be taken. Another flaw therefore lies at the heart of the proposal. Lorry movements into the eco-town will pose a significant challenge to the concept of an environmentally friendly development.

Let me deal with the democratic problem. The Government have effectively said that 11,500 houses are to be built in the Arun district in the next 20 years, and that figure was recently increased. It is a huge number for a rural district to absorb. We can argue about whether it is a proper number—my view is that it is an unsustainably large number of houses to seek to build in the district without creating major implications for infrastructure and the rural character of the area. Nevertheless, if that number of houses is to be accommodated because the Government say so, the local authority should decide where they are located. Arun district council has the knowledge and experience and can assess local opinion to make the difficult decisions about where the houses should be. There is a further question about whether eco-town numbers would add to the 11,500 or be subtracted from them. We cannot get a clear answer from the Government, and I should be grateful if the Minister felt able to provide one this evening.

There is huge public concern about the proposal. Thousands of people have marched and 10,000 have signed a petition to oppose the plans. The relevant local councils, all the parish councils, Arundel town council, the county council and, above all, Arun district council, oppose the scheme. Arun has to consult about it now as part of its local development framework process, but it initially expressed opposition to an eco-town. It should decide where development goes—I do not believe that it should be imposed on local people.

I should be grateful if the Minister agreed to meet my hon. Friend the Member for Bognor Regis and Littlehampton and me to discuss those issues before any decision is made. I hope that she will understand that the local concern about the issue is very great indeed. I fear that a significant part of my constituency is about to be irrevocably transformed, and I cannot overestimate to the right hon. Lady the seriousness of the issue or how it is regarded locally.

I would be very grateful if the right hon. Lady agreed to meet us. Indeed, we have written to ask whether that would be possible. However, I made an error in writing to her by omitting to mention that we briefly met the former Minister for Housing, the right hon. Member for Don Valley (Caroline Flint), which was most welcome. She made a brief visit to the constituency, but we would nevertheless be extremely grateful if the current Minister for Housing agreed to meet us to discuss our concerns, in particular those about the latest assessment of the scheme's financial viability.

I am extremely grateful for the opportunity to raise those concerns about the proposed development on behalf of almost every constituent who has written to me. There has been near unanimous opposition to the scheme. That is what I wish to relay to the Government.

7.40 pm

**Mr. Nick Gibb** (Bognor Regis and Littlehampton) (Con): I am grateful to my hon. Friend the Member for Arundel and South Downs (Nick Herbert) for securing this debate and for setting out the concerns about the proposed Ford eco-town so well.

There is almost unanimous opposition to the proposal to build 5,000 homes on a pristine piece of Sussex countryside that links the beautiful historic town of Arundel to the River Arun and the spectacular marinas and beaches of the seaside town of Littlehampton in my constituency. People are angry about the proposal because it takes a top-down approach to planning, as my hon. Friend said, that completely circumvents the planning processes and the views and experience of local people and elected councillors.

The draft planning policy statement breaks precedent by being site-specific, instead of setting out general principles. As the chairman of the South East England regional assembly has said:

"The principle and location of eco-towns should be considered through normal development plan process, and the PPS and Eco-towns Programme should not supersede or over-ride local and regional plan-making."

It is also clear from the sustainability appraisal that a development at Ford will be far from ecologically friendly or sustainable. In particular, it is clear to anyone living in that part of West Sussex that life without a car is extremely difficult, as my hon. Friend set out so well. The proposals are vague about how people could live at Ford without a car. We already suffer from an incomplete A27, which turns into a single-carriageway around Arundel and Worthing, frequently creating traffic congestion at points during the day.

Arun district council has conducted two thorough select committee inquiries into the proposals. Among its many conclusions, the council has said that

"without a by-pass for Arundel, major development in this location would cause significant congestion on the strategic and local highway network, and the Council does not accept that [...] reduction measures would be sufficient to mitigate this impact acceptably".

Similarly, the A259, which runs from east to west in my constituency, is already congested for long periods at peak times. Cars from 5,000 houses would simply compound that problem. There is also a lack of clarity about whether the small railway station at Ford will be moved west and about whether it will have parking for 500 cars.

Clearly some people will make money by turning agricultural land worth £4,000 an acre into building land worth £1 million an acre. As my hon. Friend said, 87 per cent. of the land is pristine, high-quality agricultural land. Even with that cash, however, we do not believe that it will be possible to deliver the three new schools, the social housing, the water recycling, the energy system, the new roads, the new bypass or the bunding for the river to protect against flooding that appear to have been promised at one time or another in this process. The financial viability study concluded at page 34 that

"there are material uncertainties over the nature and cost of transport solutions required to meet Highways Agency requirements, small movements in the cost of which could adversely impact the viability of this proposal."

People in my constituency are not nimbies. We understand the need for new housing, but in numbers and in locations that are sensitive to the environment in which we live and which are based on decisions taken locally by elected councillors sensitive to the views of the people whom they represent and sensitive to the fact that tourism is still a large employer in Littlehampton and Bognor Regis. That stretch of countryside is key to the beauty of the area and the attractiveness of both seaside towns for tourists. As the select committee concluded:

"The Eco-Town would have a significant and damaging impact on the existing community, and would result in a substantial adverse change in the character of the District and this part of the coastal plain."

A campaign has sprung up, entitled Communities Against the Ford Eco-town—CAFE—and my hon. Friend and I have been involved in it since the beginning. It has been highly effective in analysing the developers' proposals, the Government's planning policy statement and sustainability appraisal, and the financial viability study. On behalf of the whole community, I should like to thank Derek Waller, Terry Knott, Vicky Newman, Tom Sawyer and Susan West, among others, for the fantastic job that they have done in revealing all the many flaws in the proposals for an eco-town at Ford. The Minister's time would be well spent if she personally read their submissions and, as a consequence, dropped Ford from the list of eco-towns.

7.45 pm

**The Minister for Housing (Margaret Beckett):** I congratulate the hon. Member for Arundel and South Downs (Nick Herbert) on securing this debate, and I welcome the opportunity that it offers to set the record straight on a number of the points that he raised. I should also say at the outset that I have received his request for a meeting with him and the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb), and I am happy to agree to that. I hope that that will give us an opportunity to explore these matters in continuing depth.

First, I want to remind the House of the general principles behind eco-towns, before I turn to the specifics of the Ford proposal. By now, everyone should be familiar with the long-term need for more housing in the country. The most recent projections, produced only a few days ago by the UK statistics authority, serve only to underline and reinforce that case. The number of households is now predicted to grow to 27.8 million by 2031—an increase of 6.3 million even over the 2006 estimates. The House regularly debates the impact of the pressure on housing; we are all familiar with its effects. Families are unable to find suitable, affordable housing; young people are unable to take their first step on to the property ladder. We are also familiar with the need to build housing that responds to, and helps to, reduce the impact of climate change. Our housing currently makes up about a quarter of the UK's carbon emissions. That fact gets less publicity than some of the more glamorous venues, but it is infinitely more significant, particularly at the present time.

There is no single answer to any of these challenges. We will need co-ordinated efforts to increase supply and to raise standards for all new housing. Although there is no single answer, we can accelerate innovation and promote best practice through exemplar projects such as eco-towns, showing what is possible and what is achievable. Eco-towns are just one of the options that local authorities can choose to adopt when planning to meet the challenges in their area.

As my predecessors and I have repeatedly made clear, we are absolutely determined that only the best proposals will ultimately be taken forward. We have put in place a process for scrutinising and consulting on the proposals, and it is designed to be fair, rigorous and transparent. As requested, we have recently extended still further the deadline for consultation until 30 April, to give people even more chance to have their say. The intention is that the first eco-towns will be taken from drawing board to development over the next couple of years, with more to follow and up to 10 under development by 2020.

Before I turn to the specifics of the Ford proposal, I want to make it very clear indeed that absolutely nothing that I say here tonight should be taken as any indication of the likely outcome for the proposal, or as pre-empting the shortlist. And of course, even were Ford or any of the proposals to make the final shortlist, they would still be subject to further testing through the planning process. That seems to be an aspect of the handling of this issue that is little understood. Ford is just one of a number of locations being considered for development of an eco-town. It is present in my mind, Mr. Deputy Speaker, that you have an interest in another of them.

The proposal at Ford is for 5,000 homes, including 2,000 affordable homes, and it also proposes creating around 4,000 jobs, along with schools, green spaces, community and sports facilities. Such a proposal has the potential to make a significant contribution in an area where the shortage of affordable housing is particularly acute. In 2007-08, just 53 affordable housing units were completed in West Sussex—an increase, I might add, on 2006-07, but it is nowhere near adequate to meet local need.

**Mr. Gibb:** When we meet, I will explain in detail why those figures are not correct, but the Minister should also know that, although the current recession is delaying them, 1,350 houses are waiting to be built, of which 40 per cent. will be social housing. That makes a significant contribution to people in the A, B and C categories on the Arun district housing waiting list.

**Margaret Beckett:** I am grateful to the hon. Gentleman. I have always been a strong believer in evidence-based policy making, so I will look very closely at any evidence he puts before me. I recognise that Arun district council has recently made progress in developing its core strategy and, as both hon. Gentlemen will know, an eco-town is just one of the options being proposed and now consulted on for the area. The alternatives up for discussion are sustainable urban extensions or, indeed, expansion of inland villages. This process of consultation should help the local authority to determine the best solution to meet local need. I hope that both hon. Gentlemen will continue to challenge the authority to maintain the momentum to build on recent progress and start to deliver results.

Both hon. Gentlemen asserted a number of reasons why Ford would be an unsuitable site for an eco-town. I note those concerns: these are, of course, the very issues that this process of consultation and scrutiny is designed

*[Margaret Beckett]*

to draw out. As the hon. Member for Arundel and South Downs mentioned, the sustainable appraisal of the site has highlighted similar issues, particularly potential congestion on the surrounding road networks, but also the use of greenfield land and potential concerns about flooding. The sustainability appraisal also noted the potential strengths of the area, including the facts that there would be minimal impact on the local ecology and that the nearby railway station could expand to cope with increased demand.

Overall, Ford, like the majority of locations so far put forward, has been assessed as in category B—it might be suitable, subject to meeting specific planning and design objectives. It might be helpful for the sake of clarity if I said here that the concerns and objectives that have to be met differ with each set of proposals. But whatever they are, they have to be met with each set of proposals. The very point of this whole process is to evaluate all the evidence to make an informed decision, highlighting the weaknesses so that developers have a chance to address them.

We have always been clear that we are setting the standards very high and that not all the proposals will be successful. The sustainability appraisal, the consultation feedback, and a financial viability study will all help to inform decisions on the shortlist of locations that will be taken forward. I anticipate that that would be the start of the eco-towns programme, rather than the definitive list because I expect that, over time, more such proposals will come forward through the local and regional planning process.

Let me touch on two of the more general points that have been made: the suggestion that there has been a lack of consultation, and the suggestion that there has been an attempt to undermine the planning process. Neither of those assertions has any basis in fact. As I have said, we recently extended the consultation programme, and these proposals are absolutely not about imposing development on local communities. On the contrary, we take the view that it is vital for residents to have every opportunity to have their say, including those most in need of affordable housing, whose voices may be drowned out by a vocal and active opposition. We are making clear what is being proposed, and asking for views on the overall programme and the individual standards being set.

Let me repeat that all proposals that make the shortlist will still need to be tested through the existing planning process, and that that in itself offers a further opportunity for consultation and debate. In the recent judicial review, the judge noted that the Government had acted properly throughout, and dismissed the review on all grounds, saying

"the government is using, rather than outflanking, the planning system. This process would not necessarily compel the grant of planning permission for a location on the list."

Having quoted the judge's remarks, let me add that there are no done deals on Ford or any of the other proposed locations. Only those that meet our rigorous standards will be taken forward to the next stage as locations with the potential to be eco-towns.

**Nick Herbert** *rose—*

**Margaret Beckett:** I am conscious of the time, and I want to raise one more issue on which the hon. Gentleman specifically asked me to comment. If local authorities include an eco-town in their future housing plans, they can be assured that that will count towards future housing targets, which in many places are likely to be more stretching.

**Nick Herbert** *rose—*

**Margaret Beckett:** I want to say a few more words, if I may. If the hon. Gentleman still wants to intervene after that and if there is time, I will give way to him.

I repeat that only the authorities that make the cut—only those that meet rigorously high standards—will be proposed, and they will still need to go through the local planning process.

I hope that, whatever the outcome on the Ford proposal, we all agree that there is a critical need for more affordable housing in the area. I am encouraged by the information from the hon. Member for Bognor Regis and Littlehampton that other proposals are being considered, because such development is very necessary. It is not enough for people to reject the eco-town proposal out of hand. If it proves not to be the right answer, constructive alternative proposals will be needed.

In my view, the programme represents an exciting opportunity to meet housing need while making sustainable living attainable and affordable for everyone. I believe that it has tremendous potential, but I am determined that only the best proposals will be implemented.

**Nick Herbert** *rose—*

**Margaret Beckett:** I think we have about 30 seconds left. I do not know whether the hon. Gentleman—

7.57 pm

*House adjourned without Question put (Standing Order No. 9(7)).*

# House of Commons

*Thursday 19 March 2009*

*The House met at half-past Ten o'clock*

## PRAYERS

[MR. SPEAKER *in the Chair*]

## BUSINESS BEFORE QUESTIONS

MANCHESTER CITY COUNCIL BILL [*LORDS*] AND BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]

*Resumption of adjourned debate on Question (15 January),*

That the promoters of the Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*], which were originally introduced in the House of Lords in Session 2006-07 on 22 January 2007, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

**Hon. Members:** Object.

*The debate stood adjourned; to be resumed on Thursday 26 March.*

CANTERBURY CITY COUNCIL BILL, LEEDS CITY COUNCIL BILL, NOTTINGHAM CITY COUNCIL BILL AND READING BOROUGH COUNCIL BILL

*Resumption of adjourned debate on Question (15 January),*

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).

**Hon. Members:** Object.

*The debate stood adjourned; to be resumed on Thursday 26 March.*

# Oral Answers to Questions

## BUSINESS, ENTERPRISE AND REGULATORY REFORM

*The Minister of State was asked—*

### Royal Mail Pension Scheme

1. **James Duddridge** (Rochford and Southend, East) (Con): What estimate he has made of the cost to the public purse of assuming liability for the Royal Mail pension scheme. [264469]

**The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden):** We estimate that the Government will assume total liabilities of £29.5 billion and assets of £23.5 billion. That would mean the Government absorbing a deficit of £6 billion. This assessment of the liabilities in the scheme and the funding position is based on the most recent trustee valuation, from March 2008. However, we anticipate that the funding position of the scheme could well have worsened since that date, so when we have updated figures from the new valuation, beginning this month, we will finalise our assessment of the funding position of the scheme.

**James Duddridge:** Clause 20 of the Postal Services Bill will allow the Government to take the existing assets from the pension fund into the consolidated fund and spend it that very same year. Is it wise as part of addressing the pension funding crisis to take the existing inadequate assets and use them to rescue the Government's current deficit, making the problem worse in the longer term?

**Mr. McFadden:** Our motivation is not about the public sector accounting impact. Our motivation is to give greater security to the hard-working men and women who work for Royal Mail, because the pension fund is an increasing burden for Royal Mail. At the same time, however, if we are to ask the taxpayer to take on those liabilities—I have set out what the scale of those liabilities is—it is equally right that we also give the taxpayer some confidence that the company can be transformed and modernised in the future. It is precisely those two things that are set out in the Postal Services Bill, which was published recently.

**Mr. David Chaytor** (Bury, North) (Lab): Postal workers in my constituency will be greatly reassured by the Government's commitment to rescuing the pension scheme, but could the Minister tell the House to what extent the deficit of £6 billion is due to contributions holidays by previous employers?

**Mr. McFadden:** The scheme was in surplus as recently as 2001, so I am not sure that the deficit can be ascribed to contributions holidays. Another factor that right hon. and hon. Members should consider is that the Government have not taken a dividend from Royal Mail for some years, so the most important thing is to concentrate on what we do now. As things stand, with a combination of the pension fund deficit and falling mail volumes, the company is in a very serious position. That is precisely why we have brought forward plans to deal both with the pension fund and with the transformation of the company in the future.

**Mr. Jonathan Djanogly** (Huntingdon) (Con): The Minister has just said that the Government proposals would provide greater security for postal workers' pensions, but can he confirm that clause 19(6)(b) of the Postal Services Bill provides that this or a future Government could waive the pension guarantee and vary the terms of the postal workers' pensions without the approval of the trustees, who will lose their power to protect the pensions under the provisions of the Bill?

**Mr. McFadden:** The changes that we propose to the pension scheme will mean that the deficit is handled on the same basis as the pension schemes serving teachers, nurses and civil servants. That will indeed give Royal Mail staff far greater pension security than they get at the moment, when the deficit appears to be increasing year on year.

**Mr. Michael Clapham** (Barnsley, West and Penistone) (Lab): Can my right hon. Friend say whether the income from the selling of equity and shares in Royal Mail will be used either to reduce the pension deficit or to modernise Royal Mail?

**Mr. McFadden:** Our intention, through a partnership, is to bring in new investment into the company. We intend to bring in not just investment in Royal Mail, but experience from another European postal or network company that has been through a transformation of the kind that Royal Mail needs, but has not yet gone through. The harsh fact is that if we do not get that investment and experience, the decline in mail volumes will decide the issue for us. As things stand, without the transformation of the company, for each decline in mail volumes of 1 per cent., Royal Mail loses around £70 million. There is therefore an urgent need not only to deal with the pension fund, but to modernise Royal Mail.

## Financial Assistance (Businesses)

2. **Mr. David Burrowes** (Enfield, Southgate) (Con): What recent progress has been made in the provision of financial assistance and loan guarantees to businesses. [264470]

**The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson):** Banks participating in the Government's recently announced asset protection scheme have committed to making available £27 billion of additional lending to businesses over the coming 12 months. The value of eligible cases for the enterprise finance guarantee has increased tenfold, from £3 million in the first week of operation to more than £31 million last week.

**Mr. Burrowes:** If the Minister were to join me in my meetings with small businesses in Southgate tomorrow, would he be able to tell them how long the crippling effect of credit insurance withdrawal along the supply chain will continue, and when the planned increase in the flow of credit from the Government's schemes will actually reach the high streets of Southgate?

**Ian Pearson:** The hon. Gentleman is perfectly right to point out the severe problems that many companies are facing as a result of the global credit crunch. Our priority as a Government has been to fix the power failure in the banking system, and we have been taking action to do that through the recapitalisation of the banks last October, and through the actions that we took through the asset protection scheme. That will stimulate extra spending in the economy as well. I can tell his firms that the Government are providing real help to businesses through the enterprise finance guarantee, which will cover over 95 per cent. of all companies, and through the asset protection scheme and the measures that we have taken to get lending going again.

**Tony Lloyd** (Manchester, Central) (Lab): My hon. Friend is absolutely right to say that the Government have taken significant steps to open the process up, but does he agree that the banks and other lenders have not yet properly started to play ball? Barclays are asking a company in my constituency for 9.9 per cent. above the base rate for an overdraft, for example, and the car finance corporation is charging a 30 per cent. annual percentage rate on loans. Those rates are not going to get businesses and customers back to where we want them to be, which is buying and selling.

**Ian Pearson:** There is certainly a variable picture out there in terms of lending and of the rates being offered on overdrafts and other credit facilities. The most recent Bank of England lending panel report demonstrated that margins were coming down, however, and that lending was now cheaper than in 2007. There has been some progress, with the reduction in the LIBOR rate, although there is probably more to be done. The Government remain committed to ensuring that we have competitive lending available to UK companies and mortgage holders, and we are focused on delivering that.

**Mr. Brian Binley** (Northampton, South) (Con): Money is not getting through. We have said that again and again, but the Government seem not to be listening. In recognising that there is a management element to the Government's job, will the Minister tell me what the Department is doing to ensure that he is getting out there, monitoring the process and ensuring that the thing works? It is not working at the moment.

**Ian Pearson:** There are two points here. The first is about overall lending, and what the Government are trying to do to stimulate lending in the economy through the actions that we are taking with the banks. I hope that the hon. Gentleman realises that, about 12 months ago, 50 per cent. of the lending to the commercial sector in the UK came from foreign banks. Those banks have not gone bust, but they have gone home. That proportion of lending has therefore disappeared from the UK economy, and our banks are having to work even harder to replace some of that lending. That is why we have taken action through the asset protection scheme and other measures.

On the question of specific Government programmes, I have already set out the progress that we are making through the enterprise finance guarantee. This was the old small firms loan guarantee scheme. We have now upped the qualifying limit from £5.6 million to £25 million, which covers the vast majority of companies in the United Kingdom, and we have upped the limit of loans from £250,000 to £1 million. The guarantee stands at 75 per cent., and more than 1,100 companies that are eligible for the scheme are already having their applications assessed. We are monitoring the scheme weekly through the banks and through Capital for Enterprise. It is up and running, and we believe that it is on target to meet its commitment to supporting £1.3 billion of lending to the UK economy.

**Clive Efford** (Eltham) (Lab): The "Real help now" package that the Government have put in place shows their determination to help small businesses, but the banks remain stubbornly resistant to co-operating with what has been put in place. Businesses in my area describe interest rates being held stubbornly high or increased, bank charges being imposed without warning and a requirement for 100 per cent. security despite the fact that loans are covered by the guarantee scheme. Is it not time that we had an independent ombudsman or arbiter that businesses could go to when the banks are not carrying out what they should be doing on their behalf?

**Ian Pearson:** We are certainly already monitoring the actions and activities of the banks through the lending panel, so there is a level of scrutiny there. Obviously, we cannot stand in the shoes of the banks that have to make commercial lending decisions on the basis of their assessment and pricing of risk. That is what would be expected of any functioning economy. What we can do, however, and here I agree with my hon. Friend, is rigorously monitor the situation. It is right to say that we need to keep a close eye on the banks; we are doing just that.

**Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What are the Government doing about credit guarantee—in other words, what happens when a firm delivers goods to another firm that subsequently becomes insolvent? The Prime Minister assured me during the Gracious Speech debates that something was being done, so will the Minister tell me exactly what is being done to assist small and medium-sized companies?

**Ian Pearson:** We are taking a range of measures to support small and medium-sized companies, which we recognise as the backbone of the economy, so we need to help them get through the recession in the best possible shape. I have already mentioned the enterprise finance guarantee scheme. We are also taking actions through the working capital scheme to shore up credit lines. I know that there have been criticisms from Conservative Members that we have not made further announcements on the working capital scheme, but what we are doing there is guaranteeing portfolios of working capital facilities. These are deals that we are doing with the banks rather than individual companies, but they run into hundreds of millions of pounds. As the right hon. and learned Member for Rushcliffe (Mr. Clarke), who speaks for the shadow Chancellor of the Exchequer knows, these deals are not done in five minutes or even days and weeks, as they are the result of complex negotiations, but they are important to shoring up working capital for companies, and they are in addition to the actions that we are already taking.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): The actions taken by the Government so far have been largely defined by, and perhaps constrained by, sections 7 and 8 of the Industrial Development Act 1982, which include the provision to expand or sustain the productive capacity of any industry. Is the Minister happy that those provisions are sufficiently broad and flexible because the construction industry, and particularly the buildings material industry in my area that feeds it, is yet to see the real fruits of the Government's initiatives? Do we not need some more imaginative action; might not some emergency legislation be appropriate?

**Ian Pearson:** Yes, I am happy that sections 7 and 8 of the Industrial Development Act remain fit for purpose: section 7 covers regional assistance and section 8 covers industrial support more generally. In the Second Reading debate on the Industry and Exports (Financial Support) Bill on Monday, we explained why we were increasing the limits relating to section 8 expenditure, which are going to go up to £12 billion if the legislation is passed and with a possibility of their going up to £16 billion. That reflects the fact that the more modern way in which we are providing support is through loan guarantees that have to be scored as expenditure even though they are really a contingent liability. We can provide support under that legislation, and the schemes that we have announced will have as their legal vires that industrial development legislation.

**John Thurso** (Caithness, Sutherland and Easter Ross) (LD): At the last DBERR questions, the Minister told me that he expected that lending figures for companies participating in the enterprise finance guarantee scheme "will quickly start to build strongly".—[*Official Report*, 5 February 2009; Vol. 487, c. 957.]

That has simply not happened and, given the scale of the problem, the numbers the Minister has quoted this morning are a pittance. Is he aware that applicants still face considerable difficulty in assessing the scheme, that the banks are still extremely reluctant to grant moneys under it and that the small and medium-sized enterprises that have been clinging on by their fingertips for months now want substantive help and not platitudes? When will the Government get a grip, stop monitoring and actually manage the situation?

**Ian Pearson:** We are both managing and monitoring the situation. The hon. Gentleman has made a number of assertions; let me explain the facts to him. More than 1,100 companies have shown themselves to be eligible to participate in the enterprise financial guarantee scheme, and £115 million worth of loans can potentially be made to them. It will be up to the banks to assess the applications. About 70 per cent. of cases are going through at present, which is quite normal. There is obviously a difference between the number of eligible cases, the number of loans offered, and the drawdown of those loans.

This is still a new scheme, but it is growing. I have already said that in the first week there were £3 million of eligible cases, and last week the figure was £30 million. A big increase is taking place. As I have said, we will continue to manage the process as well as monitoring it, to ensure that it delivers for small businesses.

**Mr. Mark Prisk** (Hertford and Stortford) (Con): Three weeks ago, the Government proudly announced what they claimed was a unique agreement with Royal Bank of Scotland and Lloyds, which apparently guarantees that those banks will lend business a total of £27 billion this year. Given the evident and continuing problems for businesses, how will Ministers guarantee that sum this year and, given that they are part-owners of the banks, what penalties could they actually apply if the banks proceeded to default?

**Ian Pearson:** The hon. Gentleman has repeated the figures that I announced in my reply to the hon. Member for Enfield, Southgate (Mr. Burrowes). He is right about the commitment of £27 billion of additional lending—£16 billion from RBS and £11 billion from Lloyds Banking Group. We will monitor their delivery of that commitment, just as we are monitoring their progress in terms of lending under the enterprise finance guarantee.

I would like to think that the Conservative party welcomes the fact that we are introducing legally binding commitments as part of the asset protection scheme. We expect RBS and Lloyds Banking Group, as responsible

companies, to deliver on those commitments, and I have no reason to doubt their genuineness in wanting to deliver for small businesses. Rather than carping and moaning, Conservative Members should welcome the fact that we have an active Government who are making commitments and ensuring that they are delivered.

## Hooper Report

3. **Geraldine Smith** (Morecambe and Lunesdale) (Lab): What recent assessment he has made of the findings of the Hooper Report on the future of Royal Mail. [264471]

**The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden):** The Secretary of State announced in December that the Government accepted the analysis set out in Richard Hooper's review of postal services and that, to maintain the universal postal service, the Government intended to implement his recommendations. I repeated that statement in the House of Commons on the same day.

The Postal Services Bill has since been introduced into the House of Lords, and received its Second Reading on 10 March. The Bill proposes a new regulatory framework for postal services, enables the Government to tackle Royal Mail's pension deficit, and ensures that Royal Mail remains in public ownership, while supporting modernisation through a strategic partnership.

**Geraldine Smith:** Are the comparisons in the report made on a like-for-like basis in terms of prices and the services provided? Does the report not fail to identify either the cause of the pensions deficit or the devastating effect that unfair competition has had on Royal Mail?

**Mr. McFadden:** The report covers all the issues relating to pensions, pricing and regulation. It is entitled "Modernise or decline", which is an accurate description of the choice that we face. If we do not act to turn Royal Mail around, the decline in mail volumes will decide the issue for us. For every 1 per cent. decline, the company loses £70 million. There has already been a decline of 7 per cent., and a further 7 per cent. decline is forecast. That demonstrates the urgent need to transform and modernise the company. If we do not take that action, Royal Mail will end up cutting services, which is not a solution that we want it to apply to its current problems.

**Richard Ottaway** (Croydon, South) (Con): In 2007, 637,000 days were lost at Royal Mail as a result of industrial action. That is 60 per cent. of the number of days lost to strikes in the entire United Kingdom. Does the Minister accept that the Communication Workers Union must become far more realistic about modernisation if industrial relations at Royal Mail are to improve?

**Mr. McFadden:** Richard Hooper identified industrial relations as a significant problem for the company, and it is not just the industrial action and the strikes that have taken place, but the regular threat of industrial action—such as, in recent months, over changes to the pension scheme and the closure of a number of mail centres. A fresh start for industrial relations is, therefore, needed in Royal Mail, and I would say to the CWU that the current relationship is not what it should be and that bringing in a new partner may present a possibility of improving industrial relations, given their current very poor state.

***Mr. Dennis Skinner** (Bolsover) (Lab): Will the Minister* confirm that the argument in previous answers to questions has been that the Government will privatise Royal Mail and a foreign firm will come in? Can he explain to me how it is that now that we have an economic tsunami lapping on every shore, in Holland, let us say, Dutch TNT can find money that nobody else can find? If the economic recession is hitting everybody, where is the magic wand in Holland to find the money that we cannot find here?

**Mr. McFadden:** I have great respect for my hon. Friend, but he is not right to say that we are privatising the Royal Mail. The Bill clearly says that we will keep Royal Mail in public ownership, so it is simply not true to say that we are privatising it. He questions why the Dutch postal service may be in a better position than Royal Mail; that is precisely because it has carried through the transformation and modernisation that Royal Mail has not yet managed to achieve. I cannot comment on any particular potential partner, because there has to be a proper process to get the best agreement for Royal Mail and the taxpayer, but if there is a partnership with another European postal company, I remind the House that liberalisation of postal services will be introduced in 15 members of the European Union by the end of next year. That will also give Royal Mail the opportunity to be a major European player, and that is not an opportunity that we should shy away from.

**Mr. Alan Reid** (Argyll and Bute) (LD): I welcome the clauses in the Postal Services Bill that allow a levy to be placed on the large private mail operators that are not fulfilling the universal service obligation to compensate Royal Mail, which is fulfilling the USO. There is an urgent need for those clauses to be implemented, because Royal Mail is facing unfair competition at present. Will the Minister give a commitment to a rapid introduction of those clauses?

**Mr. McFadden:** Those clauses, like all the other clauses in the Bill, will be implemented if the Bill is passed by Parliament, but the hon. Gentleman raises a very legitimate point with regard to regulation. That has been a subject of considerable controversy in this House and more widely, and we propose in the Bill to put at the heart of the regulatory system the maintenance of the universal service—of the one price goes anywhere, six-days-a-week universal postal service. That is the foundation of our postal system. We want to legislate to maintain that, not to leave Royal Mail alone to have its finances eaten away by the fall in mail volumes, which is costing it £70 million for every 1 per cent. of decline. That is no future for Royal Mail, but the Bill that we have presented is.

**Mr. John Heppell** (Nottingham, East) (Lab): The Government seem to have accepted the Hooper review in total. The official Opposition have accepted, and are supporting, the sale of some shares. Are they also supporting other measures in the review, including regulation—

**Mr. Speaker:** Order. That is not a responsibility for the Minister. He has more to worry him.

### Broadband Providers

4. **Mark Pritchard** (The Wrekin) (Con): If he will discuss with Ofcom measures to increase the number of providers of broadband to the wholesale telecommunications market. [264473]

**The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas):** Wholesale broadband is closely regulated, and the market is regularly reviewed by Ofcom. That ensures that the UK broadband market remains competitive at the retail level. I can tell the House that there are more than 400 suppliers of broadband services.

**Mark Pritchard:** I note the Minister's reference to retail. Given that people up and down the land are facing great and real financial hardship, is it not time that the broadband telecoms market was opened up to true competition—not fake competition—so that the current pretty poor service levels can be driven up and customer prices can be driven down?

**Mr. Thomas:** The hon. Gentleman may know that a number of companies offer wholesale broadband products and a series of other companies that are in a position to do so are choosing not to do so for commercial reasons. That is one of the reasons why we have made sure that the industry is closely regulated. In those parts of the country where there is considerable competition some of the price controls that have been in place have been relaxed. In other areas, where competition is not as strong as we might like, we have kept that regulation in place. He will know from the work of Lord Carter that this issue is being closely examined in government, with industry and with a range of other players. An interim report has been published and further work is in hand. The hon. Gentleman will be able to judge, with the rest of the House, the fruits of that further work towards the summer.

**John Robertson** (Glasgow, North-West) (Lab): Surely my hon. Friend will agree that the problem is not the number of competitors in the market, but the uptake. Surely we should be examining what is happening in cities such as Glasgow, which has the lowest uptake of broadband in the country, rather than the number of people who are in the market.

**Mr. Thomas:** With respect to my hon. Friend, I think we need to look at both issues: the level of competition in the market; and how we can ensure universal access to broadband services and speed up broadband access. He raises an important point, which deals with one of the issues reflected on in the interim report that was recently published by Lord Carter. The issue is part of the further work that is being done, and my hon. Friend, along with other Members of the House, will be able to judge our progress in that work towards the summer.

**Mr. Mark Field** (Cities of London and Westminster) (Con): Does the Minister agree that whether in telecommunications or, indeed, the banking world, the best form of regulation is open competition?

**Mr. Thomas:** With due respect to the hon. Gentleman, I think that competition is a good thing but that, as he knows, or ought to know, only too well as a result of the economic difficulties that our country faces, there is, on occasion, a strong role for regulation to play too. On the particular issue that we are discussing, I should say that where there is real competition, we have been able to relax price controls, but where there is not strong competition, we have kept those controls in place.

**Paddy Tipping** (Sherwood) (Lab): In his discussions with Ofcom and the providers, will the Minister ensure that the needs of businesses working in rural areas are met? High-quality broadband is essential in rural areas and sparsely populated areas, because people need to compete on a level playing field.

**Mr. Thomas:** I accept that there is an issue about ensuring broadband access in rural areas, as in the rest of the country. As I have said, the question of universal access is one on which the Government are very much focused in discussions with Ofcom, the industry and other stakeholders. An interim report was published by Lord Carter, further work is under way and the House will be able to judge our progress in that sense towards the summer.

### Automotive Industry

5. **Tony Baldry** (Banbury) (Con): What recent assessment he has made of the future prospects of the automotive industry. [264474]

**The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson):** I talk to people in the automotive industry on a regular basis—indeed I have received three texts from companies in the past 30 minutes. The industry-led, BERR-facilitated new automotive innovation and growth team's report on the future of the UK automotive industry is expected in early May.

**Tony Baldry:** People have not stopped driving cars; they have just stopped buying them, because it is difficult to access finance for buying or, indeed, leasing them. Way back, on 27 January, the Secretary of State said that he was setting up a taskforce, to be led by the new trade Minister, Lord Davies. It was supposedly going to work out how consumers could access finance again to buy all these cars and get the car purchase market going. Nothing has been heard of that taskforce, so when are we going to hear the outcome of the work supposedly being done by Lord Davies on this car financing taskforce?

**Ian Pearson:** People have not stopped buying cars, but car sales have fallen. February sales were down 22 per cent. in the UK, 48 per cent. in Spain and 24 per cent. in Italy. There is a problem in the automotive sector, and that is one of the reasons why we announced the automotive assistance programme. We are still in discussions with the Bank of England and the Treasury on how car finance arms might be able to access some of the support that is available through Government programmes, but every day newspapers contain good deals on cars, including 0 per cent. finance and cashback in many cases, so finance deals are available. Clearly, we

want to ensure that we support a strategically important industry such as the car industry, which is going through a very difficult time. We are doing that and we will continue to look at what further support we might be able to make available.

**Mr. Kenneth Clarke** (Rushcliffe) (Con): The Minister must realise that for tens of thousands of people in the automobile industry, the Department is all talk and spin, but no action. He says that Lord Davies is still studying the proposals on car finance that we put forward as a policy suggestion months ago, but when will we get a result? As Lord Mandelson has indicated his sympathy for that policy, is it being blocked by the Bank of England or the Treasury? When will a decision be taken on this important matter?

**Ian Pearson:** We all agree about the importance of ensuring that the car industry has support in these difficult times. Along with the construction sector, the automotive sector has borne the brunt of the recession, in addition to what has happened in the banking system. It is difficult to point to other sectors that have seen quite such dramatic falls, but a car is a big discretionary purchase.

The right hon. and learned Gentleman should not pretend that car finance assistance would be a panacea and that if funding is made available through the banks to car finance arms, everyone will go out and buy cars. We will continue to have discussions about whether we can do something that represents value for money for the UK taxpayer that will assist car finance arms. Some of those finance arms are already providing good deals, however, and he knows that.

## Topical Questions

T1. [264489] **Mr. David Chaytor** (Bury, North) (Lab): If he will make a statement on his departmental responsibilities.

**The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden):** The focus of our Department is on working with business and employees during these difficult economic times, and on ensuring that British business is as well placed as possible for the future.

**Mr. Chaytor:** This week, the Federation of Small Businesses, the Communication Workers Union and Unite came together to launch the manifesto for a post bank. At a time when the main commercial banks, with the honourable exception of the Co-operative bank, are held in increasing contempt by their customers, and at a time when the Post Office remains one of the most popular and trusted institutions in the country, is not this an idea whose time has come, and will the Minister support it?

**Mr. McFadden:** I attended the launch of that pamphlet a few days ago. It is right that if the Post Office is to survive and prosper, it needs to look to new areas of business. It cannot survive on nostalgia or by ignoring the changes in people's lifestyles, such as using the internet and direct debits. The Post Office is already expanding its banking services: it is the leading supplier of foreign exchange in the country and it supplies credit cards, insurance and savings products. I agree with my hon. Friend that an expansion in banking and financial services is a very important part of the Post Office's future.

**Mr. Nigel Dodds** (Belfast, North) (DUP): In relation to the European Investment Bank loan scheme, will the Minister take action to ensure that funds coming from the EIB to banks with a presence both in Northern Ireland and the Republic of Ireland will be made available to businesses in Northern Ireland? As he will know, two of the main banks are owned by the Republic, so this is a particular problem for the Province. That money needs to be made available to businesses in Northern Ireland.

**The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson):** The hon. Gentleman is right to point out the action that the Government have taken to get EIB support through the banks for further loans to small and medium-sized enterprises. It is right that those loans should be available throughout the United Kingdom and my understanding is that that will be the case. Of course, EIB loans are at advantageous rates and it is right that they should be available in Northern Ireland, just as they are in the rest of the UK.

T2. [264490] **Mr. John Heppell** (Nottingham, East) (Lab): Only yesterday, the Minister for Employment Relations and Postal Affairs warned that the recession should not be used as a reason to exploit vulnerable workers. Many of us welcomed that warning, but can he tell us what his Government are doing in practical terms to ensure that that does not happen?

**Mr. McFadden:** My hon. Friend is absolutely right to draw attention to that danger. The recession must not be an excuse to deny employment rights to some of the most vulnerable workers in the country. That is why we have changed the law, bringing in tougher penalties for employers who do not pay the minimum wage and better arrears for employees who are denied the minimum wage. We are also putting in extra resources, including a £1 million campaign that was recently launched to inform agency workers of their basic employment rights, including wages, paid leave and so on. It is very important that we come through this recession not only by helping business but by ensuring that the most vulnerable workers do not pay the price.

**Mr. Kenneth Clarke** (Rushcliffe) (Con): Last week, the Minister held a seminar in his Department for businesses in the car industry and for banks to begin to explain how to apply for EIB loans that were first announced by the Government last September. Can he now tell us how many applications have been received and how many more weeks or months it will be before anybody receives any of that support?

**Ian Pearson:** Just to correct the right hon. and learned Gentleman, let me say that the purpose of the seminar was to explain the Government's automotive assistance programme, which covers loan guarantees to companies that are accessing the EIB clean transport facility as well as the Government's scheme more generally. He knows that, but he is just trying to make a debating point. DBERR has been supporting applications to the

EIB. My understanding is that a number of companies are at an advanced stage in discussions with the EIB. I do not think that it would be appropriate for me to name those individual companies, because the negotiations are commercial in confidence, but he will be aware of reports that companies have been making those applications. We hope that next month the EIB will approve applications from a number of companies.

T4. [264492] **Mr. Jim Cunningham** (Coventry, South) (Lab): Can the Minister say what he is doing to stop the exploitation of young models?

**Mr. McFadden:** It is true that that is an issue. Many young people want to be famous and there has been a pattern of exploitation, with people setting up in hotels and launching one-day casting sessions. Last year we brought in a new cooling-off period to try to protect people against such activities. We said at the time that if that provision needed to be reviewed we would review it. We have continued to receive complaints, so today we are publishing a consultation document on banning the taking of up-front fees so that young people and their families are not exploited. We do not want to tread on anyone's dreams and hopes, but we also do not want to see people exploited because of them. That is why we are taking this action today.

T5. [264493] **Paul Rowen** (Rochdale) (LD): Unemployment in this country is rising at twice the rate of that in the rest of Europe. The TUC and the Federation of Small Businesses have submitted a proposal for a short-time wage subsidy and in February the Prime Minister said that he was considering it. Can the Minister tell us when it will be introduced?

**Mr. McFadden:** It is true that the issue has been raised with us, and of course we will consider anything that we think can help people who are unemployed or in economic difficulty. There is a significant contrast between how this Government will respond to this recession and how the previous Government abandoned the unemployed. The previous Government left the unemployed with only a benefit cheque to keep body and soul together, and gave them no real help to get a second chance. In contrast, this Government will stand by people who are losing their jobs.

**Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): I have received a number of complaints recently about mobile phone companies and cashback offers. Is the Minister aware of the problem? If so, is he planning on taking any action?

**The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas):** I can tell my hon. Friend that we are aware, anecdotally, of concerns about the behaviour of some mobile phone companies in that regard. Those concerns have been expressed in letters sent directly to Ministers and in questions raised by Members of Parliament. This is one of the matters that I have discussed with Consumer Focus, the new consumer body, which is doing some work on the problem in tandem with Ofcom. I look forward to discussing with Consumer Focus the results of that work, which we are expecting shortly. We will then consider what else we can do to help.

**Alistair Burt** (North-East Bedfordshire) (Con): Are Ministers aware of just how angry businesses are at the Department's failure to convey information to them? On 12 November, I wrote to the Secretary of State on behalf of a constituent company, asking for information about business loans. It is now 19 March and there has been no answer, despite three further letters, six phone calls to the Department, and a letter to Lord Mandelson last week saying that, if he did not answer, I would raise the issue in the House of Commons. This is the second time in three weeks that I have raised a similar matter. On one occasion, staff at DBERR were not even picking up the phone to answer inquiries because they were in such chaos.

When will something be done? If the Government cannot get information to companies out there, it is no wonder that absolutely nothing is being done. All we are getting is just a lot of talk, and no initiatives are working at all.

**Mr. Thomas:** With the greatest respect to the hon. Gentleman, I shall look into the specific case that he mentions and come back to him. However, I do not accept his broader point about help not getting through to businesses, and I shall use the region in which his constituency is based, the east of England, as an example. More than 8,000 businesses in that region have been able to defer their business taxes in the past four months, while across the UK as a whole almost 93,000 businesses have been able to have business taxes totalling some £1.6 billion deferred. That is just one example of the real help being given to businesses at the moment, but as I said, I shall look into the specific case that he has raised and come back to him.

**Mr. Russell Brown** (Dumfries and Galloway) (Lab): Can the Minister update the House on the Doha talks?

**Mr. Thomas:** My hon. Friend will be aware that we got very close to an agreement. In the words of Pascal Lamy, some 75 per cent. of the conclusions were reached last July, but we have been waiting for a new US Administration to get their new trade negotiators in place. Similarly, we have been waiting for elections to be held in India and elsewhere. We hope to use the G20 summit in three weeks' time to begin discussions again about how we can finish the negotiations on the Doha round. One thing about which the Prime Minister is absolutely and quite rightly clear is that any descent into protectionism, as happened in the 1930s, will cause further problems for our economy and for the global economy. That is why we are devoting so much attention to trying to make progress in the Doha round. That will be an issue for the G20 and for the G8 too.

## ELECTORAL COMMISSION COMMITTEE

*The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—*

### Voting Age

1. **John Robertson** (Glasgow, North-West) (Lab): What assessment the Electoral Commission has made of the merits of reducing the voting age to 16. [264459]

**Sir Peter Viggers:** The Electoral Commission's 2004 report entitled "The Age of Electoral Majority" concluded that there was insufficient justification for reducing the voting age to 16. The commission has since refocused its activities on the objectives of, first, regulating party and electoral finance and, secondly, delivering well-run elections. It believes that issues such as the extent of the franchise are matters for Government and Parliament to decide.

**John Robertson:** I am grateful to the hon. Gentleman for that answer. He will be aware that the Electoral Commission said that it would look at the matter again within five to seven years, so does he agree that it is time for the commission, independent of political influence, to look at the subject? Now that we have managed to allow young people to use this Chamber, although many Opposition Members wanted that not to happen, is it not time to consider young people a bit more than we have in the past?

**Sir Peter Viggers:** It is indeed true that in 2004 the Electoral Commission said that it would revisit within five to seven years the case for lowering the voting age, but as I have just explained, the commission has since refocused its efforts. The refocusing is not in any sense an abrogation of its responsibility, but follows a review of the commission's activities by the Committee on Standards in Public Life. The refocusing has been welcomed by the Government and the Committee.

**Mr. Andrew Mackay** (Bracknell) (Con): Does my hon. Friend accept that the Electoral Commission is right to refocus in that way? Like most Members, I regularly visit schools in my constituency and hold question-and-answer sessions with fifth and sixth formers. They are very interested in a number of subjects, but none of them is the slightest bit interested in having the vote at 16.

**Sir Peter Viggers:** I am grateful to my right hon. Friend. Most of the responses to the consultation held in 2004 supported lowering the voting age. However, the commission found that more general opinion polling suggested strong support for keeping the current minimum, and that young people seemed divided on the issue.

## CHURCH COMMISSIONERS

*The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—*

### Churches Conservation Trust

2. **Mark Pritchard** (The Wrekin) (Con): How much is planned to be spent by the Churches Conservation Trust in carrying out its functions in England in 2009-10. [264460]

**The Second Church Estates Commissioner (Sir Stuart Bell):** In 2009-10, the Churches Conservation Trust will receive just over £4.5 million grant in aid from its co-sponsors, the Department for Culture, Media and Sport and the Church Commissioners.

**Mark Pritchard:** I am grateful to the hon. Gentleman for that reply. Will he join me in paying tribute to the Churches Conservation Trust, in particular for its work in Shropshire looking after nine churches and also Longford chapel in my constituency, near Newport? While I note the grant, will he also join me in recognising that there are real financial pressures on many churches? Churches help tourism and promote culture and heritage in counties throughout the country, and in Shropshire in particular, so will he speak to the Secretary of State to see whether that grant is sufficient to keep these churches running?

**Sir Stuart Bell:** I am grateful to the hon. Gentleman for mentioning the Longford chapel near Newport. He might have added Stirchley St. James and Adderley St. Peter, which are in his constituency, as I understand that they, too, benefit from the trust. His point is perfectly right. The Churches Conservation Trust is 30 per cent. Church and 70 per cent. Government funded, and it is working hard to secure its financial future by widening its funding base. I take his point that the Department for Culture, Media and Sport grant was frozen in 2001 until 2008. There has recently been a small cash increase of 1.8 per cent., but it continues to be reduced in real terms. We welcome that contribution from the state, but it is not sufficient.

**Robert Key** (Salisbury) (Con): Given the continuing cut in DCMS support for heritage, especially for cathedrals and churches, will the hon. Gentleman take great care to ensure that the Church Commissioners maintain their financial aid? The Churches Conservation Trust is an excellent organisation. Does he share my enthusiasm for its 40th anniversary celebrations and its "Birthday bells" appeal, in which more than 70 churches across the country rang their bells to celebrate those 40 years? Does he also agree that people who do not like church bells should not buy a house near a church? "Ring out, wild bells", Mr. Speaker.

**Sir Stuart Bell:** I am grateful to the hon. Gentleman for those comments, and I celebrate with him the 40th anniversary to which he referred. On the Church Commissioners' involvement, the present financial difficulties do not affect churches' expenditure plans for the next few years, so the Churches Conservation Trust's grant from the Church Commissioners is safe in our hands.

### Church Repairs

4. **Ben Chapman** (Wirral, South) (Lab): What progress has been made in discussions between the Church of England and the Chancellor of the Exchequer on levels of value added tax charged on church repairs. [264462]

**The Second Church Estates Commissioner:** Church representatives have been in regular contact with the Treasury on that matter. The latest development is the agreement reached by the European Council of Finance Ministers on 10 March that all member states will have the option to apply permanently reduced VAT rates to a number of goods and services. I very much regret that the repair of places of worship is not on that list of goods and services.

**Ben Chapman:** Is it not a pity that the Council found the opportunity to discuss VAT reductions for some toll bridges and restaurants, but not for church buildings, which provide so much emotional, spiritual and cultural well-being? What is the next step?

**Sir Stuart Bell:** I agree entirely with my hon. Friend. One has to bear in mind that the former Chancellor of the Exchequer, now Prime Minister, agreed effectively to reduce VAT on church repairs to 5 per cent. until 2011. The campaign by Members in this House will be to maintain that derogation well after that date. I am sure that right hon. and hon. Members will add their weight to it. In particular, may I thank the hon. Members for Vale of York (Miss McIntosh) and for The Wrekin (Mark Pritchard), my hon. Friend the Member for Wirral, South (Ben Chapman) and others who are present who have contributed to and supported the campaign? I also thank those in the Church of England who have campaigned so arduously. I invite parishes up and down the land to make use of the derogation scheme already in operation.

**Miss Anne McIntosh** (Vale of York) (Con): I thank the hon. Gentleman for his kind words, and for raising the profile of parish churches in rural areas. Now that we have established the derogation, and the broader principle of lower VAT on other goods and services, can we not all unite behind the campaign to persuade the Prime Minister and the Chancellor of the Exchequer to take the argument to Europe, so that they can ensure that the derogation affects churches across the European Union? We must unite behind that worthwhile cause.

**Sir Stuart Bell:** I am grateful to the hon. Lady for her comments, and I would certainly support any campaign that the Prime Minister and the Chancellor might wish to take to Europe, bearing in mind that it took six years to get this far, and that the process was extraordinarily complicated. As my hon. Friend the Member for Wirral, South (Ben Chapman) said, at the last moment, it was decided in Lisbon to throw in toll bridges; they are to be covered, but not VAT on church repairs, which is quite remarkable. I hope that that is not a reflection of how the European Union looks upon the Christian community throughout the Union.

**Sir Patrick Cormack** (South Staffordshire) (Con): Does the hon. Gentleman accept that many of us are extremely angry at the attitude recently taken in Europe? Does he also accept that at a time of unemployment, it is crucial that church buildings can be repaired, not only because that is intrinsically important, but because that work offers employment to craftsmen and others?

**Sir Stuart Bell:** The hon. Gentleman makes a fine point, because the work is artisanal—if that is a word that we can put in *Hansard*—and helpful for local communities. The essential message that this House should give the parishes is to encourage them to undertake those church repairs, and to collect the VAT reduction. It is important that the scheme is taken up before 2011, so that, with the grace of this House, it can be continued after that date.

## Church of England (Disestablishment)

5. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What assessment the Church Commissioners have made of the financial implications for the Church of England of disestablishment. [264463]

**The Second Church Estates Commissioner:** In July 2007, the Church welcomed the Government's reaffirmation of their commitment to the position of the Church of England, which is by law established with the sovereign as its supreme governor. No assessment of the kind that my hon. Friend mentions has been made.

**David Taylor:** Archbishop Rowan recently said that it would not be the end of the world if the Church of England was disestablished, although disestablishment should not be on the agenda at the moment. Notwithstanding those wise remarks, would my hon. Friend agree that if an assessment of financial implications were undertaken, it would be highly likely to find that the Church's inherited financial commitments greatly exceed its inherited financial resources?

**Sir Stuart Bell:** I am grateful to my hon. Friend, who raises a pertinent point on the disestablishment of the Church. He referred to the comments made by the Archbishop of Canterbury. I welcome the Archbishop of Canterbury's intervention on the financial crisis; he added a moral dimension to the debate on the economy, along with the Archbishop of York. Although his comments on disestablishment have been given wide credence, he also said that he would be concerned if there was to be disestablishment.

On the specific point made by my hon. Friend, the financial implications of disestablishment would be a matter of discussion between the Government of the day and the Church of England during the preparation of the necessary legislation. The question of the financing of the Church and its financial outcome would have to be fully debated by the Government of the day, Parliament and the Church of England.

**Simon Hughes** (North Southwark and Bermondsey) (LD): As a supporter of disestablishment, may I ask the hon. Gentleman if he would at least ask the Church Commissioners to undertake the financial assessment to which the hon. Member for North-West Leicestershire (David Taylor) referred, and look at the Churches in Wales and Ireland, which disestablished but which do not appear to have been disadvantaged financially as a result?

**Sir Stuart Bell:** I am grateful for the hon. Gentleman's comments and for his statement that he believes in a disestablished Church. The question that my hon. Friend the Member for North-West Leicestershire (David Taylor) asked related to financial commitments, which far outweigh the total inherited resources of the Church of England. In response to the question about whether we ought to undertake a study, we should not put the cart before the horse. We should await any decisions that the Synod may make before we debate the matter and its financial implications. However, disestablishing the Church would affect every parish in the country, and its allegiance to the Crown and to the Church, and is a step that would be taken only after many years of consideration.

## ELECTORAL COMMISSION COMMITTEE

*The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—*

### Electoral Fraud

6. **Mr. Andrew Robathan** (Blaby) (Con): What new measures to reduce electoral fraud the Electoral Commission expects to be in place by the next General Election. [264465]

**Sir Peter Viggers:** The Electoral Commission informs me that it does not expect new measures to be in place by the last possible date for the next general election.

**Mr. Robathan:** I thank my hon. Friend for that reply. I am rather disappointed, because I am sure that he is as concerned as I am, and as everyone else in the House who worries about democracy is, about the comments made a few years ago by a judge who said that our standards were those of a banana republic. In particular, will my hon. Friend raise again with the Electoral Commission and with the Government the need for individual registration, rather than household registration, which would go some way towards solving the problem of electoral fraud? In addition, will he raise the fact that postal voting on demand has been shown—this has been commented on on many occasions—to be an easy route to fraud in elections?

**Sir Peter Viggers:** Occurrences of electoral malpractice are rare, but it takes only a small number for confidence in the voting system to be seriously damaged. The Electoral Commission takes the view that postal voting should be made more secure, rather than withdrawn, and it very much welcomes the commitment by the Government to introduce provisions to introduce a system of individual electoral registration in Great Britain. The commission has argued for that since 2003, and it believes that the system should be modernised and strengthened by introducing individual electoral registration.

**Kerry McCarthy** (Bristol, East) (Lab): I am sure that the hon. Gentleman will be aware that in certain community groups, there is considerable confusion as to whether people are entitled to vote, particularly because some of them are entitled to vote in local elections, but not in general elections. Is it on the commission's agenda to do more to educate people about the circumstances, particularly in relation to their immigration status, in which they are allowed to vote?

**Sir Peter Viggers:** The hon. Lady makes a fair point. The rules are, in fact, a little complicated, and this is exactly the area in which the Electoral Commission feels a sense of commitment to make people aware of their rights.

## Business of the House

11.33 am

**Alan Duncan** (Rutland and Melton) (Con): May I invite the Leader of the House to tell us the future business?

**The Leader of the House of Commons (Ms Harriet Harman):** The business for next week will be as follows:

MONDAY 23 MARCH—Remaining stages of the Coroners and Justice Bill (Day 1).

TUESDAY 24 MARCH—Conclusion of remaining stages of the Coroners and Justice Bill.

WEDNESDAY 25 MARCH—Opposition Day (9th Allotted Day). There will be a debate entitled "The Need for an Inquiry on Iraq", followed by a debate entitled "The Impact of Business Rates and how Businesses can be Helped Through the Recession". Both debates will arise on an Opposition motion.

THURSDAY 26 MARCH—A general debate on defence in the UK.

FRIDAY 27 MARCH—Private Members' Bills.

The provisional business for the week commencing 30 March will include:

MONDAY 30 MARCH—A general debate on Africa.

TUESDAY 31 MARCH—A general debate on the economy.

WEDNESDAY 1 APRIL—Second Reading of the Geneva Conventions and United Nations Personnel (Protocols) Bill [*Lords*], followed by a motion relating to the Non-domestic Rating (Collection and Enforcement) (Local Lists) (Amendment) (England) Regulations 2009.

THURSDAY 2 APRIL—Motion on the Easter recess Adjournment.

I should also like to inform the House that the business in Westminster Hall for 2 April will be a debate on the report from the Science and Technology Committee entitled "Investigating the Oceans".

**Alan Duncan:** I thank the Leader of the House for giving us the forthcoming business. Her response to me last week about the encampment and the harassment by protesters in Parliament square was, I am sorry to say, painfully inadequate. When will she undertake to give a full report to the House so that we can cut through the bureaucratic nonsense governing the issue and remove what has become a permanent embarrassment to British democracy?

May we have an urgent debate on the NHS? Yesterday we heard from the Health Secretary the miserable tale of Stafford hospital. Will the right hon. and learned Lady confirm to the House that the same senior management who were so devastatingly criticised by the Healthcare Commission on Tuesday saw their salaries doubled in 2008, and that one has been appointed to a Government watchdog? Is it not the clearest possible demonstration of Labour's priorities towards the health service that while they spent their time lining the pockets of a failed management team, there were patients lining the walls of a filthy accident and emergency ward who were dying of neglect?

Lying behind this is, I sense, a growing problem with how health trusts and other public bodies treat correspondence from Members of Parliament. Too often, Members' letters about a constituent are fobbed off by being sidelined into a complaints procedure designed for another purpose, and also by hiding behind data protection. Can the right hon. and learned Lady confirm that when an MP writes to a chief executive they should receive a letter back from that chief executive, that getting a letter from an MP should be regarded as a priority, and that any failure to treat an MP's letter properly should be a disciplinary offence, even resulting in dismissal?

We are still waiting for the Government's long-delayed strategic review of reserve forces. We all have reservists in our constituencies. When will we get an announcement, and can the Leader of the House confirm that it will be a full oral statement?

Today 144 further education colleges have their building programmes frozen, and this morning the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon), the Minister responsible for further education—or should I say, the Minister requiring further education?—offered no reassurance that the Government would prevent those colleges from going bankrupt. May we have an urgent debate to discuss the future of those institutions, which offer vital training to the rapidly rising number of people facing unemployment?

For the umpteenth time, may we ask for a debate and action on Equitable Life? Today the Public Administration Committee has slammed the Government for their callous betrayal of Equitable Life policyholders. It says that the Government have denied them justice. This is a truly scandalous state of affairs in which an unprincipled Government would rather see them all dead than compensated. When will the Government act properly on what the ombudsman has recommended?

On a number of occasions I have raised the farce of Regional Select Committees. The North East Committee has five Labour members, four of whom are Parliamentary Private Secretaries, and the other a long-serving Back Bencher. I am advised that when they met, they picked one of the PPSs as Chairman, and that the only member not in hock to the Government has now decided to resign. Is this true, and may we have a further debate so that we can give the Leader of the House the opportunity to admit her mistake and abolish those Committees?

Yesterday the scarlet-haired Solicitor-General, who has no experience of economic affairs, claimed that we would soon see "green shoots" in the British economy. As a barrister she was known as the "towering inferno"; yesterday, it seems, she finally went up in flames. Is that not the most crass statement that any politician could have made, on the day when it was announced that more than 2 million people are unemployed?

May we have a statement on the Prime Minister's recent visit to Washington? It seems that the DVDs that President Obama gave the Prime Minister—rather like the Prime Minister himself—do not work in the UK. We are told that one of them was "Psycho" and the other "Gone with the Wind".

So those are our requests for debate: there is a rotting encampment outside Parliament; there are failed NHS managers with bloated pay packets; the fate of our reserve forces is left dangling; FE colleges are collapsing; Equitable Life pensioners are betrayed; dysfunctional Select Committees are set up; we have a dysfunctional Government; and the Solicitor-General insults the unemployed. How can the Leader of the House defend any of that, without hanging her head in shame and apologising?

**Ms Harman:** At last week's business questions, I answered the hon. Gentleman's question about the encampment of protesters in Parliament square by saying that he or other colleagues could raise the issue at Justice questions. I added that we had said that as part of the legislative programme, there would be consideration of a Bill on constitutional reform that could address the issue. That is very much under consideration, so I endeavoured to answer him fully on the issue.

On the question of the national health service, there was a statement yesterday about the regrettable situation in Stafford hospital. There will be questions next week. The hon. Gentleman asked about our priorities for the NHS. They are simple and straightforward: that there should be more doctors, nurses and other staff in the NHS—and that is what has happened—that those staff should be better paid, because when we came into government they were extremely badly paid; that there should be tough targets, so that nobody should have to wait in accident and emergency or for a referral for cancer treatment; and that there should be tough inspections. We have pressed forward with our NHS priorities, which people who need treatment can expect and deserve.

The hon. Gentleman raised a serious point about responses to Members who write on behalf of their constituents, or of organisations in their constituencies, to NHS authorities—the chief executives of trusts or PCTs. He has raised an important point on behalf of the House. He had mentioned it to me already, so I have spoken to the Minister of State, Department of Health, my hon. Friend the Member for Exeter (Mr. Bradshaw), who has raised it with Sir David Nicholson, the chief executive of the NHS. They have said that they completely agree with the shadow Leader of the House and that if a Member writes to someone in authority in the NHS, that letter should require personal consideration by the chief executive, and a personal response. There is no guidance to that effect at the moment, but my hon. Friend and Sir David are absolutely clear about their view. They are considering whether they should issue guidance, although the matter should have been self-evident. That is the absolutely clear position. If hon. Members have any concerns about the issue, they can take them to the shadow Leader of the House and he can raise them with me, or go directly to my hon. Friend the Health Minister. We do not expect Members' letters to go into a complaints system that is designed for individual patients, not for accountability, which is what the House's job is about.

The hon. Gentleman asked about reserve forces, and I should say that next week there will be a full day's debate on defence. He also made comments about the Solicitor-General, with whom I work closely and with whom I will be taking the equality Bill through the House. In her role as Solicitor-General, she is a great champion of victims of crime. She is also a great champion of her constituents and her region in the north-east. She is a fine Member of Parliament who cares about these issues and is a valued member of the Government. I will not hear a word said against her—I hope that I have made myself clear on that one.

The hon. Member for Rutland and Melton (Alan Duncan) also asked about Regional Select Committees. When we passed the resolution to set those up, we determined that they would last just for this Parliament, and be reviewed thereafter, so they have that consideration of review built in. I appreciate that I am not making progress with Opposition Members, but I still take the view that there are important agencies working at regional level, investing hundreds of millions of pounds of taxpayers' money, and it is a shame if Opposition Members cannot be bothered to hold them to account on behalf of their regions. I hope that they will have a conversion with regard to Regional Committees, although I do not set much store by that expectation. That is a pity, but in the meantime Members who are prepared to hold agencies to account in their regions—Labour Members—are getting on with the job. Until other Members join the Committees, they should not be complaining about them.

As for Equitable Life, when the Chief Secretary to the Treasury made her statement in response to the ombudsman's report she said that the failures that have affected a large number of people were rooted in the original mismanagement of Equitable Life, which goes back to the '80s. That was compounded by regulatory failure, for which she has apologised. We have acknowledged that regulatory failure and exceptionally, although there is no legal obligation so to do, we are determined to make ex gratia payments, for which a judge has been asked to set up a scheme. Of course, as one would expect, those in the greatest need will be dealt with first. That is how we are proceeding, and we believe that we have made the position clear to the House. The work is under way, and if the Opposition want to hear about it further or debate it, they can choose it as the subject of an Opposition day debate.

The hon. Gentleman mentioned unemployment. We are very concerned indeed for every person who loses their job, whether they are a man working in the car industry or banking industry, a woman working part time or an older person who is heading towards retirement but whose job is still important to them and to their household budget. Employment in the economy is important for the economy as a whole. That is why we are ensuring that we will not be cutting capital spending, as Opposition Members propose, which would make unemployment even worse. It is why we are providing a fiscal boost and putting more money into the economy to help get it going and help staunch the problem of job loss. That has led to an increase in debt as a percentage of GDP. Hon. Members complain about that, but if they are concerned about unemployment, why do they argue that we should not do all the things that we are doing to try to protect the unemployed and prevent even more people from becoming unemployed?

Of course, one thing that the Opposition simply refuse to acknowledge is that there is an unemployment problem across the country as a whole—[Hon. Members: "Too long!"] I have not taken as long answering as the hon. Member for Rutland and Melton took asking his questions—*[Interruption.]* All right, I apologise. I shall therefore finish by mentioning FE colleges.

I remind the House that when we came into government in 1997, the capital budget for FE colleges—*[Interruption.]* I would just like to ask hon. Members whether they can remember what the capital budget for FE colleges was then. It was £0—there was no capital budget. Since then we have invested massively in further education, and rightly so. I reassure hon. Members that there are 261 colleges for which final approval has been given, or at which there is already work on site, and that the

capital investments in those 261 colleges will go ahead as planned. Sir Andrew Foster will examine how preliminary approval has been given beyond the programme budget. We acknowledge that that is a problem, and it is being looked into. However, as the Prime Minister said yesterday, we will go ahead with the £2.3 billion in this comprehensive spending review period that we have allocated to further education colleges—and I think that £2.3 billion contrasts favourably with £0.

**Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): It was reported yesterday that the disgraced former chairman of RBS was seeking re-election to the board of BP and, surprisingly, was supported in his request by the chairman of BP, who had been a director of RBS. Until we break into the magic circle and old boys' club, in which the same directors appoint each other to boards, remuneration committees and so on, we will never sort out accountability and the problems that have arisen in the banks and elsewhere. May we have a debate on corporate governance, to ascertain how to address the issue fundamentally, so as to stop problems occurring not only in the banks but in other sectors of our economy?

**Ms Harman:** The question of corporate governance—and of remuneration, which is intrinsic to it—has been part of the Turner review, which was published yesterday. It will be the subject of a Government response, with national action to gear up financial regulation, which will also be taken forward to the G20 international summit to ensure not only that we have good national action but that it is reinforced by international co-operation on regulation and remuneration.

**Mr. David Heath** (Somerton and Frome) (LD): May we have a debate on communications between the Prime Minister's office and the outside world? A few years ago, I was in Turkmenistan when the Turkmenbashi was the president. I was told that the Karakum canal was leaking disastrously, but that none of his Ministers dared tell the Turkmenbashi, because they were afraid of the consequences. I wonder whether something similar is happening with the Turkmenbashi of No. 10. The hon. Member for Rutland and Melton (Alan Duncan) gave one example—the further education colleges. It is no good talking about what happened 12 years ago; we need to consider what is happening now. Colleges throughout the country are having their capital schemes frozen.

Another example is the mortgage relief scheme, which I raised directly with the Prime Minister a month or so ago, and which others, including the right hon. Member for Witney (Mr. Cameron), have subsequently taken up. It is no good saying that it will happen when I—I am sure that I am not alone in this—have people in my advice surgery in tears because they are going to court next week, when their house will be repossessed, and the mortgage relief scheme is still not in place. May we therefore have a debate to bring the Prime Minister into the real world loop? He is giving orders, which are not being carried out.

Many students will be alarmed this week by universities' proposals to double fees. Before a further generation is put into deeper debt, may we have a debate on the matter so that we know the Government's position? They know that many of us will oppose any such proposals bitterly.

We had the sad statement about Stafford hospital, and many of us recall earlier events at Maidstone. I wonder whether it would be appropriate to have a debate on professionals' duty of care. I understand that administrators appear to have taken an extraordinary view of targets and abused the system at that hospital, but clinicians, doctors and nurses have a duty of care to individual patients and they should be reminded of that. It is not part of their role simply to accept whatever orders they are given, if they are detrimental to patients. May we therefore have a debate on that?

Yesterday, the Prime Minister made a statement about allegations of collusion with torture. That written statement raised more questions than it answered, not least because, as I read it, it confers on the Attorney-General a wider role, which I believe to be entirely unconstitutional, whereby a Minister of the Crown determines—not only in the case referred by the High Court, but in others—not whether Government agents are prosecuted, but whether they are even investigated. That cannot possibly be right constitutionally or legally. May we have a serious, sober debate about that matter, about which hon. Members of all parties will be concerned?

**Ms Harman:** I shall not add anything further to my answer to the shadow Leader of the House about FE colleges, except to say that 261 colleges will go ahead with their capital improvement, and that over three years, £2.3 billion will be invested. An inquiry is being set up under Sir Andrew Foster about the preliminary approvals that were given, but should not have been. It will report shortly.

The mortgage scheme—the help for people to defer their interest payments—was announced in January, but it was made clear when it was announced that because the scheme involved the major mortgage lenders, it would have to be worked up with them. It was not just a Government scheme, like the Her Majesty's Revenue and Customs scheme, which could be announced and then implemented straight away. It had to be worked up in partnership with the mortgage lenders—and that is happening. In the meantime, we have given more help to those who become unemployed by shortening the amount of time for which they have to be unemployed before they get help with their mortgage payments, and increasing the amount for which they can get help with their payments. We have issued guidance to the county courts to ensure that they enforce the position that repossession is a last resort. We also have a moratorium with the mortgage lenders on moving to repossession. That work is under way, and some has already come on stream.

On higher education fees, the Minister of State, Department for Innovation, Universities and Skills, my right hon. Friend the Member for Tottenham (Mr. Lammy) has said that there will be a review. However, even before the review we know that admissions to further and higher education have increased across the board.

The hon. Member for Somerton and Frome (Mr. Heath) mentioned the duty of care of professionals at Stafford hospital. There will be Health questions next week, and he could raise the matter then.

*[Ms Harman]*

The hon. Gentleman talked about the Attorney-General and the Prime Minister's written ministerial statement on detainees. At Prime Minister's questions, my right hon. Friend spoke of our absolute abhorrence of torture and rendition, and our rejection of anything to do with that. To reinforce that, and to reassure people so that they know that our important security services are not contaminated by such abhorrent malpractice, guidance will be published. A further request has been made to the Intelligence and Security Committee to review recent developments, and Peter Gibson will examine the matter and report annually to the Prime Minister. It is not unusual in complex matters for the Attorney-General to examine the issues first and request the police to investigate. Obviously, the police can investigate of their own volition, but it is not unusual for the Attorney-General to undertake a preliminary review—and that is exactly what she is doing.

**Rob Marris** (Wolverhampton, South-West) (Lab): When my right hon. and learned Friend responded to the shadow Leader of the House, who requested a debate on the Mid Staffordshire NHS Foundation Trust, she said that there had been a statement yesterday and that there would be Health questions next week. That is not good enough. That hospital is about 12 miles from my constituency and I am intensely concerned about what happened there. The preliminary reports are horrifying and shocking. Please may we have a debate in Government time soon?

**Ms Harman:** Action has been set out following the statement, and my hon. Friend will be able to ask further questions of the Health Secretary. It is important to reinforce to bereaved families who have lost relatives in that hospital the fact that they can individually have a review of their relatives' cases.

**John Barrett** (Edinburgh, West) (LD): The Leader of the House knows that although the Government have a good-sized majority, the vast majority of the British public voted for Members of Parliament who sit on the Opposition side of the House. May we have a debate on the need for electoral reform, so that the Government of the day have the support of the majority of the people?

**Ms Harman:** We have no proposals for such a measure in the legislative programme.

**Clive Efford** (Eltham) (Lab): When can we have some time set aside to set up a Regional Select Committee for London? The Mayor has cut major infrastructure projects in London, the 50 per cent. target for affordable housing has been cut, and a £75 million revenue black hole has been created in the budget of Transport for London. London Members of Parliament want a voice on those issues and an opportunity to scrutinise the Mayor—or at least, Labour Members want that, even if the Liberals and the Tories do not. When can we set up a Committee for London?

**Ms Harman:** I agree with my hon. Friend. When we debated the regional Committees in the House, we said that because of the different governance arrangements in London, with the Mayor and the Greater London authority, we would have to consider the issue further. However, I agree with the points that my hon. Friend has made. We need to look into the issue and make progress on it.

**Mike Penning** (Hemel Hempstead) (Con): In the early hours of Sunday morning, mindless and vindictive vandalism was committed in my constituency. When my constituents woke up, they found that every road sign that had the words "Hospital" and "A and E" on it had been sprayed out. That was legal, because the primary care trust had instructed the highways authority to do it. The vindictive and mindless vandalism that took place was the closure of my acute hospital in the middle of the night. The A and E department, intensive care and the stroke, cardiac, maternity and all other acute services were closed on Saturday night. Can we have a Secretary of State come here for a debate about why so many facilities are closing round the country?

**Ms Harman:** That is an example of where, if the hon. Gentleman had mentioned to me that he was raising that issue, I could have given him a more substantive answer than this, which is simply that he has an opportunity to put that question to the Secretary of State for Health next week.

**Mr. Denis MacShane** (Rotherham) (Lab): I do not wish to add to my right hon. and learned Friend's woes, but could we have an early debate on the problem of FE colleges? A modest college in Rotherham has spent millions of pounds, closed a road and published its plans, but has suddenly been told that it cannot go ahead, having received full authorisation up to that moment. Either the Learning and Skills Council officials who authorised that were wrong and should resign or the senior civil servants who supervised and authorised it should resign. If the matter came across a Minister's desk, questions have to be asked. The issue is important for the construction industry and for the confidence of some of the weaker economies in our country. Will my right hon. and learned Friend find time for a debate and tell the Prime Minister that we need clarification and for the money set aside to renew our economy to be put into the FE college building programme?

**Ms Harman:** We have acknowledged that there is a problem and Sir Andrew Foster is investigating how it arose. However, my right hon. Friend will acknowledge that, unlike under the previous Administration, Thomas Rotherham college has had considerable investment over the past 10 years.

**Mr. MacShane:** It is not Thomas Rotherham college—I am really sorry.

**Ms Harman:** Okay. Well, even if my right hon. Friend was not asking about Thomas Rotherham college, it is in his constituency and has had considerable investment. I am not saying that there is not a problem about FE; Sir Andrew Foster is looking into it.

**Dr. Andrew Murrison** (Westbury) (Con): In announcing the business the right hon. and learned Lady suggested that next week's defence debate might be used as an opportunity to raise the important issue of the reserves review, which is long awaited and much delayed. Will

she confirm that the matter is of sufficient importance and involves so many MPs who have reservists as constituents—a great deal of work has been put into this—that it should be the subject of a proper oral statement by the Defence Secretary? Will she also confirm that that should be done as soon as possible, as the review is now completed?

**Ms Harman:** There will be a full-day's debate next week on defence, as I have said. There will be an opportunity for hon. Members to raise the question of reservists with the Minister concerned, but if they are not satisfied thereafter, we can look at the situation again.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): Many right hon. and hon. Members head back to civilisation on a Thursday to the midlands and the north along the Euston road or through the Euston area. May I counsel them not to go near the 13th floor of Euston tower, 286 Euston road, which houses the central London tax office of Her Majesty's Revenue and Customs for my constituent the Air Logistics Group, as well as for many hundreds of other businesses. There appears to be a serious black hole there, which is obviously a danger to public safety. Information is not coming out of that Government office, despite faxes, e-mails, telephone calls and requests for refunds from my constituent, who is concerned about a bill for more than £25,000 for corporation tax for 2008. We are told that the office is behind with its post. The Government signed up to the prompt payments code at the end of last year and set a limit of 10 days on all transactions with the private sector in particular, but that is not happening. Can we have a debate on the HMRC, its resources and how it handles—

**Mr. Speaker:** Order. I say to hon. Members that I am not going to get through all the Back Benchers in this question session if the supplementaries are as long as that. They are not an opportunity to make a speech; it is a question that should be put to the Leader of the House.

**Ms Harman:** Treasury questions are next Thursday and there will be a full-day's debate on the economy. HMRC is processing promptly all the applications from those businesses that want to defer their tax. I will raise with the Chief Secretary to the Treasury the issues to do with the tax office that my hon. Friend raised.

**Sir Patrick Cormack** (South Staffordshire) (Con): Does the Leader of the House recognise that Select Committees are one of the most important ways in which we have the opportunity truly to hold the Government to account? However, the Regional Select Committees are a total travesty. Will she become the Leader of the House for once and abandon them, and instead have the regional Grand Committees, to which every Member in the region concerned is entitled to attend?

**Ms Harman:** The House voted for Regional Select Committees to be set up and for them to be reviewed at the end of this Parliament. That being the will of the House, that is what is happening.

**Mr. Lindsay Hoyle** (Chorley) (Lab): Derian House, a children's hospice in my constituency, and St. Catherine's, which is next door in South Ribble, are doing the good work that the Government rely on. People who are dying, who need that loving care, are dependent on the income of those hospices from charitable donations and the money from the Government. As my right hon. and learned Friend well knows, the children's hospice is the poor relation for direct funding from the NHS. What can she do through this credit crisis, as charities struggle with the amount of money that they receive, to ensure that the funding gap can be bridged through the NHS? It would be a good idea to have a topical debate on funding for the hospice movement.

**Ms Harman:** I will take that as a suggestion for a topical debate. The Government have put extra money into the strategy for end-of-life care, and £10 million extra into children's hospices in particular. We have also helped with gift aid. However, some hospices have been hit particularly hard because their reserves were in Icelandic banks, which has added to their problems at a time when charitable giving has fallen. We are acutely aware of the effect that that might have on health services that are incredibly valued by families who need them. I agree with my hon. Friend's point and will look into the issue for a topical debate.

**Mr. Michael Moore** (Berwickshire, Roxburgh and Selkirk) (LD): At the end of another week when significant redundancies have been announced in the knitwear industry in Hawick in my constituency, will the right hon. and learned Lady ensure that when the Chancellor introduces the debate on the economy in due course, he acknowledges the challenges facing that world-class industry and brings forward a set of proposals to support it?

**Ms Harman:** I will bring the points that the hon. Gentleman has made on behalf of businesses in his constituency to the attention of the Chancellor, and if he thinks it right, he can include them in his remarks to the House.

**Anne Moffat** (East Lothian) (Lab): Is my right hon. and learned Friend aware of the article in *The Independent* today about restaurant owners using the credit crunch as an excuse to ask the Government not to stop the inclusion of tips in the national minimum wage? We fought long and hard to close that loophole, so I hope that she and other members of the Cabinet and the Government do not agree with those restaurant owners, who are bad employers exploiting young people. When will the legislation come forward to this House?

**Ms Harman:** I agree with my hon. Friend. From this October, all staff must get the full minimum wage, excluding tips. We can all support the "fair tips, fair pay" campaign and ensure that we give our tips in cash.

**Mr. John Hayes** (South Holland and The Deepings) (Con): In her rather shrill defence of the catalogue of incompetence that has led to the FE crisis, the one thing that the right hon. and learned Lady did not say was whether Ministers would come to the House to answer to Members from across the House whose FE colleges face such difficulties. The Association of Colleges says

*[Mr. John Hayes]*

today that those FE colleges that were encouraged to devise and develop projects for capital expansion have already spent £150 million in doing so. A Minister says that we should not be in this state and that the programme has not been managed properly, but what Ministers will not do is come to this House and answer for the incompetence that has led to this situation. Will the right hon. and learned Lady bring about the opportunity for Members from across the House to defend their colleges and to make Ministers answer the questions that they seem so reluctant to answer?

**Ms Harman:** Given the risk of being shrill, perhaps I should answer the hon. Gentleman in a very deep voice. I refer him to the written ministerial statement that the Secretary of State for Innovation, Universities and Skills issued on 4 March. The Prime Minister answered questions on this matter yesterday in Prime Minister's questions, and Sir Andrew Foster's report will be forthcoming shortly. At that point, it might well be that the Secretary of State comes to the House to make an oral statement.

**Geraldine Smith** (Morecambe and Lunesdale) (Lab): It is really important that schoolchildren have an opportunity to visit the House, but I am struggling to arrange that for schools in my constituency. I am told that we are completely booked up until at least September or October. It is particularly difficult for schools in the north, because they have to come on a Monday or Tuesday; the other days are no good to them. Could those schools be given some priority, because it is easier for schools in London and the south-east to come later in the week?

**Ms Harman:** My hon. Friend makes an important point. All our constituents find it incredibly valuable that schoolchildren come to the House. If I may, I will ask the Deputy Leader of the House to look into this matter, and possibly issue a written ministerial statement about it. Speaking as a London MP, I am sure that we would all readily understand the idea of making such visits possible for schools from outside London, for which more complex arrangements have to be made, and do what we can to help.

**Mr. Andrew Mackay** (Bracknell) (Con): Given that the Prime Minister appeared to be in denial yesterday, that the Minister responsible for further education, the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon), was embarrassingly hapless when interviewed on the "Today" programme this morning, and that the right hon. Member for Rotherham (Mr. MacShane) has just made it clear that a serious problem exists, surely it would make sense for the Secretary of State, and not a hapless junior Minister, to come to the Dispatch Box early next week to answer questions from Members who are worried about their colleges of further education. If the Leader of the House will give us a simple yes, we will all be happy.

**Ms Harman:** In order that hon. Members should not be unduly alarmed, and that no one should suffer from any confusion about whether the 261 final approvals that have been given will be going ahead, perhaps I will ask the Secretary of State to issue a written ministerial statement containing a list of the 261 final approvals, so that everyone is clear about which is going ahead this year. Sir Andrew Foster's report will be forthcoming shortly, and it is at that point that the Secretary of State should come to the House with the full facts of the situation at his disposal.

**Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): Could we have a debate on the future of the country's rape crisis centres? My right hon. and learned Friend will be aware of the excellent work done by their staff, most of whom are volunteers, but there is genuine concern about the future funding for the centres. Will she use her good offices to advance the argument for keeping them funded, in order that women, in particular, can use their services?

**Ms Harman:** I agree with my hon. Friend. All local authorities ought to be supporting those local services that help the victims of rape—one of the most traumatic crimes. We set up a £1.1 million fund last year to help the rape crisis centres that were threatened, and none has closed because they were all able to apply to the fund, 100 per cent. of which was spent. Today, we are announcing the second round of the fund, which will be £1.6 million. It is important to support the victims of rape, but it is also important to hold the perpetrators to account. It is therefore welcome that, over the past 10 years, the number of men convicted of rape has increased by 46 per cent. We have a great deal more to do in the criminal justice system, but we are making good progress, and rightly so.

**Mark Hunter** (Cheadle) (LD): The Leader of the House did not respond to the point raised by the hon. Member for Rutland and Melton (Alan Duncan) about Equitable Life. She will be aware, however, that the latest damning indictment of the Government's mishandling of the Equitable Life fiasco was delivered only today by the Public Administration Committee, under the chairmanship of the hon. Member for Cannock Chase (Dr. Wright). Given the strident criticisms in the Committee's report, will the Leader of the House now find time for a debate about the Government's handling of the whole Equitable Life fiasco, so that people can have their money returned to them?

**Ms Harman:** I did respond to the shadow Leader of the House's question about Equitable Life in some detail. In order not to squeeze the time of other hon. Members, I will not go through it all over again.

**Mr. Michael Clapham** (Barnsley, West and Penistone) (Lab): Is my right hon. and learned Friend aware of the abysmal success rate in tracing employers' insurance liability certificates in cases of asbestos-related disease? This morning, I received a letter pointing out that last year certificates were traced in only 25 per cent. of pre-1972 cases, and that for post-1972 cases the figure was only 38 per cent. There is an alternative: an employers' liability insurance bureau. Will she arrange for a topical debate on the concept of such a bureau?

**Ms Harman:** Perhaps there will be an opportunity for my hon. Friend to seek a Westminster Hall debate on that subject. I will bring his comments to the attention

of Ministers in the Department for Business, Enterprise and Regulatory Reform. It is another example of where regulation is important to protect people.

**Sir George Young** (North-West Hampshire) (Con): May we go back to the reply that the Leader of the House gave to the hon. Member for Cheadle (Mark Hunter) about Equitable Life? In her first response, she referred to the statement by the Chief Secretary to the Treasury last November. That statement has just been dismissed by a Select Committee of the House as "shabby, constitutionally dubious and procedurally improper". May we have not just a debate but a debate with a vote, so that the House can decide whether it supports the Chief Secretary, or the ombudsman and one of its own Select Committees?

**Ms Harman:** The Liaison Committee chooses which Select Committee reports are debated in the House. I have nothing to add to what I said to the shadow Leader of the House.

**Mr. David Chaytor** (Bury, North) (Lab): In the next few days, the parents of four and five-year-olds will learn which primary school their children will be going to in September. Three weeks ago, the parents of children transferring to secondary school were told which secondary school their children had been allocated. As this is the first year of the new school admissions code, will my right hon. Friend find time for a debate on the working of the code, once we have the full analysis of secondary and primary school admissions?

**Ms Harman:** I know that 87 per cent. of parents got their first choice for their children in the recent admissions allocation. The most important thing is that not only do they get the school that they choose, but that every school is as good as possible. I will raise the question of the monitoring and reviewing of the schools admission code with the Secretary of State for Children, Schools and Families and ask him to write to my hon. Friend.

**Mr. Patrick McLoughlin** (West Derbyshire) (Con): May I join other hon. Members who have asked for a debate on Stafford hospital? Almost 15 years ago to the day, my mother died in that hospital. She got excellent care there, and there are a number of people who work there who will be horrified at what has happened. For the sake of those people, who have given good, loyal service to the national health service, we need a chance not only to say what has gone wrong in this instance, but to pay tribute to those people who have worked so hard in that hospital.

**Ms Harman:** I am sure that many of the people who work in that hospital will appreciate the right hon. Gentleman's comments. Perhaps I can also remind the House that the Secretary of State for Health has said that there is new leadership in the accident and emergency unit—which had been the major problem—to ensure that all patients can be confident that they will be properly looked after from now on.

**Dr. Evan Harris** (Oxford, West and Abingdon) (LD): Next week, we will consider the massive Coroners and Justice Bill on Report. Mr. Speaker, you will be selecting the amendments and, as there are so many parts to the Bill, they will inevitably fall into at least eight substantive groups. We are grateful to the Leader of the House for providing two days' debate, but does she recognise that the ability of the House to scrutinise the legislation will be measured, in part, by whether we have time to debate all those groups? Will she take steps to ensure that there is adequate consultation between the parties so that those two days are used effectively to scrutinise all the parts of this important piece of legislation?

**Ms Harman:** I take seriously the points that the hon. Gentleman raises. It was on the insistence of the Secretary of State for Justice that we should have two days of debate for the important remaining stages of this Bill. I will reflect together with my right hon. Friend on the hon. Gentleman's points about how to ensure that those two days are used in the best possible way for these important measures.

**John Bercow** (Buckingham) (Con): Can we please have a debate in Government time on the Floor of the House on asylum policy? Given that Adam Osman Mohammed, a south Darfurian, who came to this country to seek asylum in 2005 was denied that asylum, was returned to Sudan and subsequently shot dead by Sudanese security officers, does the right hon. and learned Lady accept that it is important that this House should debate the issue of returns—and sooner rather than later—so that we can establish that, while war crimes, crimes against humanity and ethnic cleansing are taking place in that country, Ministers have no plans to return further Darfurians to risk of imprisonment, torture or death?

**Ms Harman:** There will be a debate on Africa the week after next and there are Home Office questions next week. The hon. Gentleman will be aware that in that case, an appeal was made against the decision of the authorities and a court went through all the evidence and decided that the man should return. Obviously, the very sad subsequent circumstances are being looked into, but this happened following a judicial challenge and a judicial process.

**John Mason** (Glasgow, East) (SNP): I agree with the Leader of the House's earlier comment that this is a time to put more money into the economy. Could she therefore find time for a debate on the proposed cuts to the budgets of Scotland, Wales and Northern Ireland, which will have an effect on those economies?

**Ms Harman:** There are not cuts to the budget in Scotland. In fact, as my right hon. Friend the Secretary of State for Scotland said yesterday and as other Ministers have made clear, there is increasing investment going into Scotland and Wales, as there is into England. At the same time, as the fiscal situation becomes more difficult as a result of a fall in stamp duty and a fall in other money coming into the Treasury across the board, it is important that we all play our part—whether it be central Government, local government or the devolved Administrations—to make sure that every single pound of public money is properly spent. That is what the First Ministers in Scotland and Wales have agreed to work on with the Chancellor. That is the right process to be going through, but it should not be alleged that these are cuts in the budget. That is not what is happening. Cuts in the budget are being proposed by the Tories, but it is not what we are doing. That is why the public sector debt as a percentage of GDP is rising.

**James Duddridge** (Rochford and Southend, East) (Con): Can we have an urgent debate on the decision of the House of Lords last night to vote down Government proposals for a retrospective business tax for UK ports, which would give the Government an opportunity to review the implications and perhaps review their decision?

**Ms Harman:** There is an Opposition day debate next week, which I suspect might well include those issues. Meanwhile Government business is dealt with in the normal way.

**Mr. Alan Reid** (Argyll and Bute) (LD): Can we have an urgent statement from the Defence Secretary in response to this morning's report by the Public Accounts Committee on the future of the UK's nuclear deterrence capacity. The Committee points out that Britain will have to design the new submarines before the United States designs the new missiles that will have go into them. As the Committee points out, it will be difficult to design a missile compartment before knowing the design of the missile, so can we have an urgent response from the Defence Secretary?

**Ms Harman:** We welcome the Public Accounts Committee report. The defence equipment Minister has said:

> "Our ability to maintain the Trident nuclear deterrent is not in doubt... Although I recognise the timelines are challenging, I remain very confident that we will deliver a new submarine on time and maintain our continuous at-sea deterrence."

It is a challenging timetable, but the Minister expressed his confidence, and there will be a defence debate next Thursday.

**Mr. Nigel Evans** (Ribble Valley) (Con): Can we have a debate as soon as possible on motoring in the United Kingdom, which is one of the most expensive parts of the world in which to be motoring? With the recession, it has got a lot tougher. The Chancellor has an opportunity to repair some of the damage he has done by axing the proposed 2p a litre tax increase, which is about to come about next month. In rural areas, a car is not a luxury, but a necessity. The Chancellor might also like to look at the scheme rolled out in France and Germany, whereby people with old bangers are able to trade them in and get a €2,500 or £2,500 benefit, as that would be environmentally friendly and would help to get rid of some of the clapped-out vehicles on our roads.

**Ms Harman:** The Secretary of State for Business, Enterprise and Regulatory Reform has had extensive meetings, and, indeed, a summit with the automotive industry, which we are determined to support. We continue to invest in public transport so that people have an alternative to relying on their cars—and that means public transport in rural as well as urban areas. In particular, we look ahead to new technology, new design and new manufacture of green cars, which are more environmentally friendly. The Budget is due, I think, on 22 April. The hon. Gentleman is doing what the Prime Minister yesterday accused the Leader of the Opposition of doing—of asking us to do more, while saying that we should spend less. The hon. Gentleman should decide which side he is on.

**Mr. Mark Lancaster** (North-East Milton Keynes) (Con): Can we have a debate on the probation service, so that we can discuss why, at a time when the Government continue to increase numbers at the headquarters, they are cutting services on the front line? In the Thames Valley over the next three years, that means a 20 per cent. cut—of some £6.4 million—with an anticipated loss of some 140 front-line jobs. Why are we increasing the number of bureaucrats while cutting front-line probation officers? What impact will that have on reoffending rates in my constituency?

**Ms Harman:** I will raise that with the Secretary of State for Justice and ask him to write to the hon. Gentleman.

**Mr. Mark Harper** (Forest of Dean) (Con): When the Leader of the House responded to my hon. Friend the Member for Rutland and Melton (Alan Duncan) and tried, not very successfully, to defend the Solicitor-General for her ill-judged comments, she mentioned her role in leading for the Government in the detailed stages of the equality Bill. At oral questions last October, I asked the Parliamentary Secretary, Government Equalities Office, when that Bill would be brought forward and she said that it was in a good state, but that she wanted it to be in the "best possible state" and that it would be introduced "soon". It is now five months later, and just two weeks ago, the Leader of the House said that we would not see it for a few months. Will she tell the House when we will see that Bill?

**Ms Harman:** Soon, and I look forward to the hon. Gentleman's giving it his full backing. I hope that he will feel able to support it when he sees its progressive and far-reaching proposals.

**Mr. Julian Brazier** (Canterbury) (Con): Could I take the Leader of the House back to her reply to my hon. Friend the Member for Rochford and Southend, East (James Duddridge) and really urge her and her colleagues to think again about the imposition of retrospective rates on businesses in ports? The fact is that the Treasury Committee had condemned what is going on, and we have had completely different conflicting versions from the Department for Transport and the Department for Communities and Local Government, and now the House of Lords has passed a motion of regret. Meanwhile, back in the real world, one business has gone bust and a whole mass of them are shedding labour in our ports. I urge the Leader of the House to talk to her colleagues to get them to have a fresh think on this matter.

**Ms Harman:** There is an Opposition day debate on Wednesday 25 March on a subject chosen by the Conservatives—the impact of business rates and how to help businesses through the recession. No doubt the hon. Gentleman will find an opportunity to raise the matter then.

**Tony Baldry** (Banbury) (Con): Could we have a debate on the parliamentary ombudsman generally? When our constituents send us cases of alleged maladministration and we pass them on to the Parliamentary Commissioner for Administration, our constituents expect, if the ombudsman finds maladministration, that some remedy will follow the inquiry. If there is no remedy, it doubles the sense of injustice, but also reflects on Parliament as a whole. After all, this is the parliamentary ombudsman.

What is the point of having a parliamentary ombudsman if, when she finds some maladministration, absolutely nothing happens? Can the House please have an opportunity to debate the parliamentary ombudsman's role and powers and how the ombudsman's reports should be implemented?

**Ms Harman:** What has happened in response to the ombudsman's reports is not nothing, but three things. We have acknowledged that there was regulatory failure, we have apologised for it and we have set up an ex gratia payments scheme for those who lost out not only through the regulatory failure, but through the management failures in Equitable Life that started it all off.

**Mr. Paul Goodman** (Wycombe) (Con): The Leader of the House will be aware that the Secretary of State for Communities and Local Government has now written to you, Mr. Speaker, to confirm that details of this year's programme of spending on preventing violent extremism will be published. I raised the matter in business questions last week. However, the letter also confirms that the Department does not currently hold the details. The question that naturally arises is how we can be sure that violent extremists, or at any rate extremists, have not got their hands on some of the money. Does the Secretary of State plan to come to the House to make a statement?

**Ms Harman:** I am sure that the Department for Communities and Local Government will want to understand how all the money that forms part of the budget for the Prevent programme has been spent, and will want to account for it fully to the House.

**Mr. Philip Hollobone** (Kettering) (Con): The Traffic Management Act 2004 gives local authorities extra powers to control the proliferation of roadworks in their local areas, yet to date no such permitting schemes have been introduced anywhere in the country. Could the Secretary of State for Transport come to the Dispatch Box to make a statement about this sorry state of affairs?

**Ms Harman:** I suggest that the hon. Gentleman table a written question to the Secretary of State for Transport.

**Mark Pritchard** (The Wrekin) (Con): May we have an urgent debate on human rights in China, and in particular on the case of Shi Weihan, who is currently languishing in a Chinese prison on the basis of what I believe to be trumped-up charges, and will the Leader of the House express a view on whether a British diplomat should be present at the trial, which is to be held tomorrow?

**Ms Harman:** I thank the hon. Gentleman for raising the issue of human rights in China, and for bringing the specific case of Mr. Weihan to the House's attention. I think we all share his belief that human rights should not be abused in China. Ministers have raised the matter, and I understand that our embassy has asked whether it is possible for someone from the embassy to attend the trial and has raised its concerns about the issue with the Chinese authorities. I will ask the Foreign Secretary to write to the hon. Gentleman informing him of the latest developments.

## Points of Order

12.31 pm

**Mike Penning** (Hemel Hempstead) (Con): On a point of order, Mr. Speaker. I wonder whether you have been informed whether the Secretary of State for Health has given any indication that he will come to the House and make a statement about problems in the Royal London Hospital Trust about Dr. Iwegbu, who has been reported to the General Medical Council and against whom there are six interim orders, one of which states that he is not allowed to practise elective or trauma surgery on paediatric patients.

I do not want to involve myself in the GMC's ruling when it is made, but it was brought to my attention this morning that this doctor has been calling himself a professor for some time. The trust has now decided to stop him doing so. An e-mail states that "discreet changes" should be "made throughout the Trust" so that no "embarrassment" is caused to the "Professor".

The public, including patients, have seen the doctor in good faith in the belief that he was a professor in the medical profession. Surely it is not right for such information to be [illegible]eaked out in e-mails. I fear that a cover-up is taking place in the trust over the question of whether or not this gentleman is a professor in the medical profession, and I think that the Secretary of State should come here to explain what is going on.

**Mr. Speaker:** That is not a matter in which I can intervene. It is clearly a matter for the Secretary of State.

**Mr. Christopher Chope** (Christchurch) (Con): On a point of order, Mr. Speaker. Can you tell us how you can defend and enforce the conventions of the House? Yesterday a major debate on the economy took place, initiated by the Opposition. According to convention, the Chancellor of the Exchequer should have responded to that debate. In answer to a question from my hon. Friend the Member for Aldershot (Mr. Howarth), the Chief Secretary to the Treasury said that the Chancellor of the Exchequer had been in the House on Monday and would be in the House again next week. It so happened, however, that the Chancellor of the Exchequer was present during Prime Minister's questions yesterday, and was also present—and voting—at 7 pm. So he was in the House yesterday, but was refusing to comply with the normal conventions by responding to a major debate initiated by the Opposition.

The Opposition have relatively few powers left to them in the House, but I should hope that one of them is the power to require the Chancellor of the Exchequer to come to the Dispatch Box to respond to a debate.

**Mr. Speaker:** When right hon. Members, and indeed hon. Members, come into the Chamber at one stage and again at a later stage, that does not mean that they are doing nothing. They are leading very hectic lives.

Let me say in defence of the Chancellor of the Exchequer that, in my experience, he is a regular attender at the House, and he does make statements. We must ensure that we do not criticise unfairly. I know that the hon. Gentleman does not want to do that.

It is up to Ministers to decide which Minister should take the lead in certain debates. Knowing the Chancellor of the Exchequer as I do, I do not think that he would do anything that would constitute any disrespect to the House.

## Legislative Reform

12.30 pm

**The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden):** I beg to move,

That this House disagrees with the Regulatory Reform Committee in its recommendation that the draft Legislative Reform (Insolvency) (Advertising Requirements) Order 2009 should not be approved.

The House regularly debates the need for regulatory reform and the need to reduce unnecessary red tape. Part of the backdrop to those discussions is the responsibility of all of us to ensure that rules that may have been cast a long time ago have not become outdated or been overtaken by the way in which people lead their lives, trade and do business, or obtain information.

It is incumbent on Government to take that responsibility seriously. Regulation is a legitimate part of the modern world—we live in a world with rules—but we do not want business, or creditors when insolvency is involved, to be burdened with rules when they no longer serve the purpose for which they were designed, or when it may be possible to do the job in a better way and, perhaps, at a lower cost. The order that we propose would give further help to creditors by reducing the bureaucratic burdens and costs imposed by one of the current elements of our insolvency arrangements.

I acknowledge that insolvency can be a complicated business, and that having to deal with a failing business is stressful enough, particularly during the current economic difficulties. I therefore feel that it is incumbent on us to do as much as we can to make the system simple and streamlined, bearing in mind the duty that we owe creditors in such circumstances. The order is part of that streamlining process.

Let me explain what the change means in practice. When a company finds itself unable to pay its debts, a liquidator is appointed to find and distribute the company's assets. That can be done through compulsory liquidation, members' liquidation or creditors' voluntary liquidation. I shall not go into the details of the differences between those types of liquidation, but this order deals with voluntary liquidations.

**Mr. Christopher Chope** (Christchurch) (Con): Before the Minister gives us the background, can he explain succinctly why he does not believe that the judgment of the Regulatory Reform Committee is correct? Why is he second-guessing the judgment of a Committee that was set up by the House specifically to deal with circumstances of this kind?

**Mr. McFadden:** If the hon. Gentleman will exercise just a little patience, I shall come to that in a couple of minutes.

In the case of a voluntary liquidation, a meeting of the company's creditors must be called under sections 95 and 98 of the Insolvency Act 1986. Notice of the time and venue of the meeting must be sent directly to all known creditors, advertised in the *London Gazette* and, at least once, in two local newspapers that are circulated in the areas where the company has its principal place of business. The Government propose to remove the obligation to advertise in two local newspapers. That means that it will be up to liquidators, under section 95, or the company, under section 98, to decide whether advertising is needed, and, if it is, to choose the most appropriate method. I stress that it will still be open to liquidators and companies to use local newspapers if they consider that to be the most appropriate mechanism in the circumstances.

**Mr. Brian Binley** (Northampton, South) (Con) *rose—*

**Mr. McFadden:** I am always happy to give way to the hon. Gentleman.

**Mr. Binley:** The Minister is always immensely kind to me. I am most grateful to him. As he will know, insolvency notices provide a sizeable part of the income of many of our local newspapers—he will see the irony in the fact that those newspapers are the subject of the topical debate to follow. Indeed, the Government have expressed considerable concern about the solvency of the local press. Has the Minister taken that into account? I hope to speak in the topical debate, but I would like to hear his answer to that question.

**Mr. McFadden:** I am sure that it is more in order for me to concern myself with this debate, rather than the next one, in which I will not be seeking to speak, but I will say that we want to ensure that the advertising in terms of the insolvency process is the most effective. That is our concern and why we have proposed the order.

The hon. Member for Christchurch (Mr. Chope) asked why I disagreed with the Committee's verdict. The Delegated Powers and Regulatory Reform Committee in another place was satisfied with the order; it gave it the thumbs-up, to use the colloquial phrase. The House of Commons Committee also stated that all the preconditions in the Legislative and Regulatory Reform Act 2006 and the Standing Order tests had been met, but it expressed several reservations and stated that, in its view, the order should not be approved. Those reservations are set out in the report, and I am sure that my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller), the Committee Chairman, will explain them, but, in brief, the Committee felt the order was too "narrow in its focus" and that its effects would be "minor". It felt it may be unlikely to result in further dividends for creditors and would not provide them with enough protection.

We have two main reasons for wanting to introduce this order. First, it has the potential to save business and creditors money, by reducing costs. Each advert costs an estimated £300 a time, and since there is a requirement to place two adverts, that cost is obviously doubled. That £600 charge may not be a life-or-death sum in each individual case, but when one adds up the sums involved throughout the process, it can increase the costs of insolvency. For creditors who have already lost money, it is important to ensure that their money is spent usefully during an insolvency process, so that as much as possible can be returned to them at the end of that process. The savings from the proposals, together with parallel changes that we propose to the insolvency rules, will combine to mean estimated savings of some £17 million a year. This is not a "narrow" measure.

**Lembit Öpik** (Montgomeryshire) (LD): I am pleased to hear that the Minister is concerned about the cost of insolvency practitioners. Is he therefore saying this proposed change is consistent with a narrative that will put pressure

*[Lembit Öpik]*

on insolvency practitioners to charge less? I have been appalled by the amount of money that has been absorbed by insolvency practitioners in some cases, and I am just seeking an assurance, without going into details that take us beyond today's debate, that other measures will be introduced to make sure insolvency practitioners do not take a disproportionately large amount of the funds when they are disbursing to creditors.

**Mr. McFadden:** There are rules governing charges, which I will come on to, but certainly the motivation behind the order is to increase the pot of money that is available to creditors. As I was saying before the hon. Gentleman intervened, the savings from the proposals, together with parallel changes that we propose in the insolvency rules, will mean estimated savings of £17 million per year. That is part of a wider package of proposals to streamline the process.

**John Hemming** (Birmingham, Yardley) (LD): The Minister says there are estimated savings of £17 million per year. I thought it was £3.6 million.

**Mr. McFadden:** The £17 million figure is the savings from both the order we have proposed, which has been considered by the Committee, and the parallel changes to the insolvency rules, which are dealt with in a separate order under the negative resolution procedure. The reason we have to do it this way lies in the origins of the insolvency legislation. There will be estimated savings of £17 million a year from the changes.

That is only part of a much wider package of proposals to streamline and modernise the insolvency rules and other relevant provisions—part of which, I should inform the House, will include a further legislative reform order—which should save a total of about £40 million per year. Huge sums may not be involved in each individual case, but over the piece the savings gained for the insolvency process are certainly worth having. We believe the costs of introducing the order are minimal, and there is no reason why we should not introduce the changes.

The Committee expressed concern about the money going to liquidators rather than to creditors, but protection against that is already built into the legislation. The terms governing the liquidator's remuneration will be fixed by the creditors and the creditors can apply to the court if they consider the amount of the liquidator's remuneration to be excessive. Any liquidator taking remuneration that was not justified could find themselves subject to the scrutiny of the courts. I understand that the Committee—this is reflected in its report—was concerned that the savings would not be passed on, so let me make it clear to the House that I want them to be passed on. There is absolutely no reason why what we propose today, and what we propose in the other connected changes to come, should increase fees charged by insolvency practitioners. This is not about increasing fees; it is about avoiding unnecessary expenditure.

**Gordon Banks** (Ochil and South Perthshire) (Lab): Insolvency fees may be managed through the creditors' committee, but does my right hon. Friend the Minister agree that it is often very difficult to get creditors to serve on those committees and therefore to provide the adequate scrutiny?

**Mr. McFadden:** That may be the case, but, as I said, the fees will be governed by the courts. I stress that the proposal in the order is not about increasing fees for liquidators, but increasing the pot of money that is available to creditors.

**Lembit Öpik:** I am very encouraged by the tone of the Minister's comments, but is he aware that some of the insolvency practitioners at the higher level of management charge more than £700 an hour for their time? That means that the £600 saving he cited is negated in about 55 minutes when certain practitioners are employed. Can he therefore assure us that, as well as discussing the measure today, he will consider whether we have adequate protection against the charging of such enormously high costs in circumstances when, by definition, the companies involved do not have much money?

**Mr. McFadden:** The fees can be high, but I put this point to the hon. Gentleman: given our concern about fees, it would be an odd judgment for us not to approve changes that would free resources for creditors.

**Andrew Miller** (Ellesmere Port and Neston) (Lab): I paid particular attention to my right hon. Friend the Minister's last statement about his expectations. For the avoidance of doubt, I want to be clear that he is saying that he, as a Minister of the Crown, expects this saving to be passed on to creditors and not to be held by insolvency practitioners.

**Mr. McFadden:** I am very happy to repeat that. There is no reason why anything we are proposing in the order before the House, and the Committee's report on it, should increase fees for practitioners. On the wider subject, I should inform the House that changes that are intended to come into force next year as part of the wider process of change in the insolvency rules will increase the transparency and accountability of insolvency practitioners.

This is not just about cost; it is about ensuring that where money has to be spent, that is done in the most effective way. The requirement to use local newspapers goes back to the beginning of the last century and the business practices at that time, when it was more likely that a company would be dealing with customers from its immediate local area. That is sometimes still the case in today's business world, but it sometimes is not, and trading patterns are more widespread than they once were.

**Mr. Binley:** What assessment has the Minister made of the relationship between small businesses involved in insolvency and those that he is discussing, which trade over a wider area? What evidence is there to support the statement that he has just made?

**Mr. McFadden:** The point about the order is that it gives both the companies involved and the insolvency practitioners the flexibility to choose the best medium for reaching the people whom they wish to reach. Obviously, in the age of digital communication and

wider trade patterns, the local paper may not always be the best way of reaching creditors. For example, where a business that was trading all over the country goes bust and we are seeking to identify unidentified creditors, how confident can we be that an advert in the local people is the best way to achieve that, given that all the customers may have been from hundreds of miles away? We are talking about a flexibility that simply reflects that reality.

**Mr. Nigel Evans** (Ribble Valley) (Con): May I offer another suggestion? A lot of local papers are on the internet, so advertising via the local newspaper means that people who trade with these businesses miles away can still access that sort of information.

**Mr. McFadden:** That is a perfectly valid point. I stress that nothing in the order prevents an insolvency practitioner from using the local paper—and its website—if they think that that is the best route by which to reach people. We are changing the requirement in legislation that they must place such adverts in the local press in every case, regardless of the trading patterns involved. That flexibility makes sense; it makes sense to be less prescriptive and to take into account the greater variety of media that are available today compared with when the rules were first instituted about a century ago. In about 98 per cent. of cases the advertising does not result in an unidentified creditor coming forward, so it is perhaps worth asking ourselves whether there is a more effective way to operate. That is what we have done in this order. It is about giving people the flexibility to choose the most appropriate media available and to use whatever sums are spent on that in the most effective way to try to identify unknown creditors; as I say, that may be done through a variety of media. There is also a misconception that the advertisements are about a wider public aim of bringing information about the liquidation into the public domain—that is not the case. Their purpose is to reach unknown creditors—that is the purpose set down in the legislation. The adverts are also not intended as general public announcements.

People have also asked about companies that might wish to conceal their insolvency from their creditors and whether our changes might enable them to do so. We think that that is very unlikely, because notice of the liquidation must be given to creditors personally, as we have heard about online publications. I should say that it is also placed in the *London Gazette*, which is available online. Companies are also under a legal obligation to maintain accounting records from which it should be possible to compile a list of creditors. They are required to provide that list for the purposes of the liquidation and to surrender the accounting records to the liquidator—a failure to comply with those requirements is a criminal offence. Liquidators must report to the Secretary of State on the conduct of the directors, and failure to comply with those requirements can lead to disqualification. So it would be both wrong and unwise of a director to conceal a creditor from the liquidator.

As I say, this is about using the most appropriate form of communication for the particular circumstances. Companies or liquidators can still choose to advertise in a local newspaper if they feel that that is appropriate. Some people have argued—this was reflected in the Committee's report—that this is perhaps too minor a measure and that it is not worth introducing.

**Dr. Doug Naysmith** (Bristol, North-West) (Lab/Co-op): I am the longest-serving member of the Regulatory Reform Committee and its predecessors in the House. I was one of those who thought this was a trivial measure. I suspect that had the Minister and his civil servants spelt out, in the documentation that came before the Committee when we considered the measure, the much larger sum that can be saved with other measures that are coming along, we would not be discussing this matter this afternoon.

**Mr. McFadden:** I do not propose to go over all the exchanges between officials on this matter. I believe that dialogue did take place, and my concern is to ensure that the savings identified in this order, taken in the context of the wider changes to insolvency rules that we propose, are made. I believe that these savings will make a difference to creditors, who are already having to cope with the losses that they face from insolvent businesses.

The order will give liquidators and companies greater freedom to target their advertising as effectively as possible, either through local newspapers or elsewhere. It is incumbent on us, particularly during an economic downturn, to do what we can to help business. Given the comments that have been made about the charges and the fixed costs involved in this process, it is incumbent on us to try to increase the pot that is available to creditors. That is the motivation behind the order, and for that reason I commend it to the House. I hope that the House will side with those proposals today.

12.57 pm

**John Penrose** (Weston-super-Mare) (Con): It is always a pleasure to follow the Minister, who took such pains to be careful and reasonable in his exposition of the Government's position and took time to try to anticipate many of the questions that will be raised in this debate.

It is vital that any modern economy such as Britain's has an efficient and effectively functioning insolvency process, if only because at a time of pretty much unparalleled economic problems—this is one of the worst recessions for a generation or perhaps more—everybody involved in business needs to know that the insolvency process works as quickly, efficiently and effectively as possible and does not soak up in fees as many of the available assets in an insolvency as it might. It is to everyone's advantage that as many as possible of a failing company's assets find their way to its creditors, rather than being taken up in fees. I mean no disrespect to insolvency practitioners—I am sure that they are all stout and wonderful men and women, who are doing their work terribly carefully. None the less, it is clearly macro-economically to everyone's advantage to ensure that as much money as possible reaches the creditors of a company that is going bust.

As I believe everybody here understands, when a company goes under there is not just the tragedy of the lost jobs and the destroyed hopes of its workers; the huge danger is the knock-on effect of the company's suppliers being dragged down too. Any money that can be spared to pay creditors at a higher rate of pennies in the pound has to be to Britain's overall economic advantage.

Taking the temperature of the interventions made, I would say that there is a great deal of sympathy on both sides of the House for the principles behind this measure.

*[John Penrose]*

There are some specific questions and details on which I shall press the Minister for further answers—I am sure that such matters will dictate how Members react at the end of this debate in deciding how to vote.

The Minister has admitted that this is a relatively small step down an important road. This measure produces some £3.6 million worth of benefits, although it is part of a larger package that is worth roughly £17 million. Given the total number of likely insolvencies this year, that is a relatively tiny drop in the large ocean of Britain's economy, but the best should not be the enemy of the good. Put another way, it is better to have half a loaf than none. If we can take a small step as a start on an important journey, we should do so.

The Minister said that other measures are in the pipeline, which might stem from a process that began in July 2005 as a larger scale project to consolidate and modernise the insolvency rules introduced in 1986. Paragraph 9 of annexe C to the regulatory impact assessment, which I am sure every Member here has read assiduously, states:

"It was originally intended that all the remaining proposals would be taken forward by means of one draft Order. However, in order to meet Ministerial priorities"—

I would be interested to learn what those priorities were—

"the advertising changes...will proceed within a separate draft Order"—

which is this one. It continues:

"The remaining proposals will continue to be taken forward within a subsequent draft Order that is likely to be laid early in 2009."

We are in mid-March 2009, and it is important that Members and the public understand the Government's intentions. The Minister has already said that he has plans to introduce more substantive cost-saving measures in due course, but we need to know precisely when. The Government were considering some seven or eight other proposals, and we need to know which will be introduced and when. The advertising market is suffering badly, so the local newspaper industry is unimpressed by this proposal. The Minister's timing could have been better, and people would accept this measure more readily if they knew that it was part of a wider package rather than something that picked on the local newspaper industry in particular. I hope that the Minister will be able to provide a timetable when he replies to the debate.

The Minister also mentioned the concern about whether the savings will get through to the creditors, and it is important that we have certainty on that point. If the local newspaper industry feels that it is being picked on, the strongest counter-argument would be for the Minister to look the editors of those newspapers in the eye and say, "This is part of a package of measures that will help the wider economy and potentially save many companies from going bust." It is therefore essential that the money gets through and achieves the outcomes that the Minister promises. He has already made several comments that will reassure many people that the Government are serious about ensuring that the money reaches the intended recipients. Are the Government willing to consider post-legislative review of the success of this measure, in a year or two's time, to ensure that it—and the others that the Government have promised—has had the intended impact, and that the money has not been swallowed up by the addition of a couple of extra hours to the insolvency practitioner's bill? If the Minister can provide some reassurance on that point, the insolvency profession will also know that the Government will remain vigilant on the matter.

The crucial issue is the protection of creditors. The Minister has already pointed out that in roughly one in 50 cases—not a large number, but none the less an important proportion of cases—if a newspaper advertisement is not placed in the local press, some creditors do not know that a creditors' meeting is taking place. If they do not know, they cannot attend and represent their interests, which may mean that they lose out in the eventual insolvency procedure. They may not get as much money as they might have done if they attended the meeting to ensure that their interests were properly put forward. The Minister pointed out that the order is not intended to stop advertising entirely, but to provide greater freedom and flexibility to the insolvency profession to decide whether to place advertisements in the local press or, in the case of larger companies that do not operate in only one newspaper's area, in alternative sources of media—perhaps on the web or in the trade press—to ensure that the job of informing creditors is done more effectively.

The Minister also said that the Government will not suggest to insolvency practitioners that, in the right circumstances, they should not continue to advertise in the local press. For many companies, especially small ones that trade locally, advertising in the local press will be the right approach, and if the insolvency profession exercises its discretion intelligently—as I am sure it will—the advertisements will continue to be placed as at present. Will the Minister confirm that the basic duty on the insolvency profession to ensure that creditors are properly informed will not be weakened by this measure? If that fundamental legal duty is not eroded by this measure, it will further underpin his case that this is about greater flexibility and efficiency rather than removing an essential protection for potentially important groups of creditors in the local economy.

We will listen carefully and with great hope to the Minister's responses on those points before we decide how to respond.

1.7 pm

**Andrew Miller** (Ellesmere Port and Neston) (Lab): I have listened to both Front Benchers and have heard much common sense, with the exception of the observations that the hon. Member for Weston-super-Mare (John Penrose) made about the newspaper industry. We have to be practical and say that, in these difficult times, we should ensure that creditors are supported. As much as I—like all hon. Members—am a great fan of my local press, I think that supporting creditors should be our focus. I see that the hon. Gentleman agrees with that observation, and I agree with him about the need for post-legislative scrutiny of measures such as this one.

I wish to place on record my thanks to the Clerks and other staff who support my Committee. They have to cope with an extraordinarily varied pattern of work, on many different subjects, to very tight timetables, as established by the Standing Orders of the Committee. I also thank my hon. Friends who serve on the Committee,

on both sides of the House, although—regrettably—no Conservatives take up their positions. If we are to have a constructive dialogue on these important issues, I would welcome the hon. Member for Weston-super-Mare if he were to relinquish his Front Bench role and join us. Perhaps he prefers to remain where he is.

The consultation on this order elicited some 16 written responses, most of which were favourable. As one would expect, the bodies that raised objections included the Newspaper Society and the Association of Business Recovery Professionals, but the latter withdrew its objection when it realised that professionals would be given the flexibility to make judgments about the most suitable method of advertising given the nature of the business being put into liquidation. We understood that.

There is no issue of substance between the Committee and the Government on the need to save money and I shall illustrate that shortly by citing some figures from a real case in my constituency. I have discussed the case with lawyers who are experts in insolvency, and they are horrified by the figures involved.

The text of what became paragraph 3 of the final report was put on the record in my Chairman's draft report:

"In light of widespread concerns about existing insolvency procedure, including the fees structure, and given the potential volume of changes anticipated from the Insolvency Service"—

taking into account the effect of the current economic situation—

"we are surprised at the narrow focus of the draft Order."

With hindsight, it was regrettable that there was not greater clarity in the communication between Officers of the House and the Department on the broader strategic approach that is envisaged. I am led to believe that a miscellaneous provisions order for insolvency legislative reform is likely to appear in early April, according to information received by my Clerks this morning. Perhaps that answers one of the questions that the hon. Member for Weston-super-Mare quite reasonably posed. With hindsight, it is a pity that we did not have a clearer picture.

We asked for a legal opinion on whether we could be assured that the money saved by the proposal would end up in the hands of creditors. The answer that we received was, "Not necessarily." That is why it is very important that the House takes note of the Minister's words in my earlier exchange with him. The Minister expects the money to end up in the hands of creditors and there can be no reason why an insolvency practitioner should hold on to the money rather than pass it on to the creditors.

**Mr. Binley:** The hon. Gentleman raises a very important concern. I understand that the whole reason for doing that is to ensure that the money ends up in the hands of the creditors. Every small business man would support that, because they are the ones who get caught out and hurt by such cases. Will the hon. Gentleman explain where his fears might lie? I am perfectly happy to take the Minister's advice that he is confident, but I want to be aware of the fears that the hon. Gentleman might have so that I can monitor the situation.

**Andrew Miller:** My fears come from the reality of current practice. As the Minister explained, fees can be subject to legal challenge. We now have an unambiguous statement on the record from a Minister of the Crown that makes it clear that if subsequent proceedings challenged whether advertising savings were not passed on to the creditor, it would be wrong for the practitioner to do that. If my right hon. Friend the Minister disagrees with that interpretation, I would welcome an intervention from him. As he does not want to intervene, I think we now have absolute clarity on his meaning. I do not think that there is any dispute around the House.

I took particular interest in this order because it coincided with my dealing with a specific case. It is not fair to name the individual concerned, because he is a constituent who, despite his best efforts, has unfortunately been bankrupted. The action came, as it quite often does with small businesses, from HMRC. The sum involved was £5,249.52. The final costs—the amount that he was required to pay in full—were £34,293.81. I cannot find any legitimate basis for some of the fees listed. Trustees' future remuneration cost £2,500, legal fees were estimated at £5,000 and trustees' remuneration was estimated at £7,659. That seems an absurd set of fees for dealing with something that could have been knocked out on the back of a fag packet in five minutes.

The Committee and I want to be sure that in dealing with the order, which genuinely makes a welcome saving, we do not lose sight of the bigger picture. When we introduce the miscellaneous provisions order and all the rule changes that my right hon. Friend the Minister rightly wants to introduce, we need to get to grips with some of these stupid things. They are stupid. There can be no basis for the emergence of figures such as those in my example.

The Committee did not oppose the substance of the Government's proposal; in fact, we did quite the opposite. We were concerned that the documents before us did not inspire confidence that there was determination to drive the process forward and to ensure that people such as my constituent do not face figures that are out of kilter with any measure of reality. I hope that, on the basis of the assurance that my right hon. Friend the Minister gave to the hon. Member for Montgomeryshire (Mr. Ôpik) and me, we will be able to make progress and ensure that when the full picture emerges—including the draft order that we are due to see, I am told, "in early April"—it is much more transparent and helps hon. Members giving help and guidance to their constituents to feel confident that fee structures are based on fair and reasonable practices. I hope that they will be able to be confident that insolvency is fair to the people who have often worked extremely hard but whose businesses have failed for reasons beyond their control—brought to an end by something further up the food chain—and to their creditors, and that it is not focused on the financial interests of the professionals charged with managing the process of insolvency.

The Committee also wants my right hon. Friend to assure us that although we disagree on the order, the Department will make no attempt—I do not mean this pejoratively—to steamroller the Committee into a line of thinking. The Minister's assurance on the procedures and practices that were given when the rules were established should also be maintained. We could have used our nuclear option and sought to veto the order. The Minister would have been honour bound to accept our veto, but we do not want to get into that sort of game. We want to ensure that the processes that evolve from the Committee's work enable us constructively to progress

*[Andrew Miller]*

the legislative reform process. I hope that the Minister will give the Committee the assurances that it seeks in that regard as well.

1.20 pm

**John Hemming** (Birmingham, Yardley) (LD): The House may be aware of my interest in procedural issues. I am a bit of a glutton for punishment and am attending this debate wearing two hats—one as my party's temporary Front-Bench spokesman on these matters, and the second as a member of the Regulatory Reform Committee. I also happen to sit on the Modernisation Committee: interestingly, that Committee does not meet any more, so we are obviously modern now.

I am also an enthusiastic member of the Procedure Committee, which means that I turn up to its sittings as well. The House may not be surprised, therefore, to hear that my concerns about how this matter is being handled are procedural, and are about the process by which the Government are driving through a proposal against the recommendation of the Regulatory Reform Committee, and against the concerns expressed in writing by the Chair of the Business and Enterprise Committee.

People outside Parliament argue that politics is broken, while a group of parliamentarians are concerned about Parliament's ability to represent citizens being constrained, citizen, and about the fact that the Executive control Parliament. The order before us may be relatively minor, with £3.6 million being taken away from the newspapers and probably given to the Government—I shall say more about that later—but the real question is why the Government have seen fit to use a whipped process to go against two Select Committees of the House.

Governments are supposed to work by explanation and by giving information about the decisions that they take. Although it seems clear that this decision was taken outside Parliament, the Government are using the whipped process to make even the Chair of the Regulatory Reform Committee go against his Committee's recommendation.

My hon. Friend the Member for Cambridge (David Howarth) has what he calls his "dustbin" theory of decision making—that is, that a dustbin is taken round and everyone chucks a bit in—but what we should really be looking for is evidence-based decision making. It is wrong for the Government to go against the recommendations of the Regulatory Reform Committee and of the Chair of the Business and Enterprise Committee because that decision is not based on evidence.

When an insolvency occurs, the business involved normally ends up insolvent, although sometimes it will end up solvent. Not all creditors are the same: there are priority creditors, such as Her Majesty's Revenue and Customs; there are secured creditors, which generally are the banks or the Government, and finally there are the unsecured, smaller creditors. As it is found out what the assets are—perhaps someone will have managed to sell off a going concern—people will go through all those creditors, ending up with a sum of money at the end of the process.

If we reduce the costs of the process by saying that the newspapers will not be paid £3.6 million a year, the result will be that, in different insolvencies, that money will go to different people. The likelihood is that it will go to HMRC—the Government—or to the banks. Mainly it will go to the Government, so the effect of the cost of insolvency going down by about £600 will be that the smaller creditors about whom we are all concerned are unlikely to receive much in the way of additional funds from most insolvencies, although they will get some.

That is not necessarily the big issue, but we do not know for sure, because we have not been given the evidence that we need to make this decision. Instead, the Government have decided to use their power, as the Executive controlling the legislature, to force the change through.

What effect does advertising in local newspapers have? That is an important question. We know that there is an effect, and that one person in 50 who finds out that he or she is a creditor of a firm involved in insolvency does so by that means. Such people may or may not get some money out of the process, but it can be argued that the information could be better communicated by the use of alternative advertising techniques, such as notices placed on the internet or in the *London Gazette*.

The Government's case is that, if people in business know that there is a place online to which they can go to find out where there are insolvencies, it is likely that they will not get caught out by an insolvency that they do not know about. On the Committee, I was relatively sympathetic to that approach, but we have not been given the evidence on which to make the decision. That is why I believe that the Government are going about the matter in the wrong way, from a procedural point of view.

This may be connected to the targets for removing administrative burdens from the civil service. It is a good idea to do that, and there is no question but that this order ticks that box, we do not have the key information that we need to make to decision. People are to be told that the only place where they can find out about administrations and insolvencies is the *London Gazette* website, but it is hard to predict what proportion of the 2 per cent. of unsecured creditors who find out about an insolvency that affects them because it has been advertised in the newspaper would fail to find out about it if the information were no longer available from that source.

My feeling is that people who have been in business for some time will learn relatively quickly how to go about getting the money that they are owed, and that is why I was sympathetic to the proposal. However, it is important to realise that we do not have the figures to allow us to analyse the different types of insolvency, or to determine where the £3.6 million saving would go.

There will be very few circumstances in which the money will go to the insolvency practitioner, although that is obviously possible. Given that this is a £600-per-transaction arrangement, one would expect that in many transactions only the secured creditors—the banks and HMRC, and thus mainly the Government—would get the money. At a time when local newspapers are suffering financially from the loss of advertising, we are going to take £3.6 million away from them and give an indeterminate but substantial amount to the Government.

**Mr. McFadden:** I should point out to the hon. Gentleman that HMRC has not been a preferential creditor since 2003.

**John Hemming:** I accept what the Minister says, and I am very pleased to say that I have not been involved in an insolvency for some years. However, my point that there are priority and non-priority creditors remains important.

**Mr. Lindsay Hoyle** (Chorley) (Lab): The hon. Gentleman has mentioned priority creditors. Does he believe that some creditors should have priority, or does he agree with me that the priority should lie with employees owed money in the form of redundancy payments or wages?

**John Hemming:** I agree that there is a need to review the priorities. This area of law is very complex, and one point made by the Committee is that we are looking only at a teeny-weeny bit of it here. My concern is that we do not have the evidence that we need about who would be affected by the proposal. It is most likely that the Government will be the substantial beneficiary, but we do not know.

The full power of the Whips is being used in respect of this order, and that is why I support the proposals from the hon. Member for Nottingham, North (Mr. Allen). He believes that Select Committees should be elected, because that would weaken substantially the sanctions that could be taken in situations like this against recalcitrant Select Committee members or Chairs. The reality of the power of the Executive to control the legislature is that if we do not get a balanced legislature through electoral reform, civil servants will continue to persuade Ministers on the basis of targets, and Ministers will continue to exert their ministerial power, through the Whips, to force decisions on this Chamber without evidence.

I have not talked to my colleagues about pressing for a Division on this matter. If there were to be a Division, I would vote against the motion, but I would do so on the procedural point. We are going about things in the wrong way. The power of the Government is being used—

**Mr. McFadden:** On a procedural point, the hon. Gentleman heard my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) say that the Committee has a stronger power, which is to recommend that the measure be vetoed. Members of the Committee are in the Chamber, so they can correct me if I am wrong, but my understanding is that the Committee did not use that power because its concerns were not about the substance of what we were trying to do. In those circumstances, bringing the order to the House is not to railroad the House. If there are concerns, a perfectly proper response is to have a debate about them. I have tried to respond to the concerns of the Committee today. That is not railroading or steamrollering; it is perfectly in line with the proper procedures of the House.

**John Hemming:** I accept much of what the Minister says. Sympathetic though I was to the proposals in the Committee, I think that the Chair would accept that it was my suggestion that, as other members of the Committee—generally Labour Members—were uncomfortable with the proposals, we should be a little bit resistant. We then encountered the power of the Whips, and that is the point at which what the Government are doing is inappropriate. Obviously all these things are valid proceedings, but this one is inappropriate. It would be far better to have more dialogue with the Committee and look at the evidence. In practice, it would be nice if the Minister told us how much of the money will go to the Government, but he cannot be expected to know the answer, because it would require some work by civil servants. A decision will be taken within three hours of the commencement of this debate, and we shall go one way or the other—but we do not know. That is the wrong way to proceed.

If we want proper evidence-based Government decision making, we must have the evidence during the decision-making process. When there is a deadline, and the whipped process is involved, we have to make a decision without knowing the facts. That is an appalling way of running Government. If there were a Division I would vote against the order on that procedural point. Although we do not have the evidence, the probability is that the substantive argument is reasonable, in that commercial creditors will learn where they can find out whether there is something that they should be worried about. In a recession, I am unhappy with taking money from newspapers and giving it to the Government, but I am most unhappy about the fact that the Government are using the power of the Executive to force a decision through the House, without evidence and against the recommendation of one Select Committee and of the Chair of another.

1.32 pm

**Gordon Banks** (Ochil and South Perthshire) (Lab): It is good to be able to support many of the comments made by the Regulatory Reform Committee Chairman, my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller). As we have heard, we are not discussing one of those matters of national importance that we often debate in the House these days, but this subject still has a significant degree of interest.

The Government's recommendations may not have a negative impact on millions of people, but those who do feel their impact will feel a little less comfortable with the whole voluntary liquidation process. We have already heard about the process set out in the order, so I shall not go into great detail about that, other than to say that the need to advertise in the *London Gazette* would stay, but—the bit that worries me—the need for local advertising would disappear, and be replaced with additional advertising as deemed appropriate in each case.

As we have heard from my hon. Friend the Committee Chairman and my right hon. Friend the Minister, the Committee's first report of the Session concluded that the order had a narrow focus, with the possibly minor effects that have already been referred to. Given the wider concerns about insolvency, which were discussed in the Committee too, and the growing number of such cases in the current economic downturn, the sector should be subjected to a review, to modernise insolvency legislation, even wider than the one under way. That remains my belief, and the example that my hon. Friend the Member for Ellesmere Port and Neston gave about an insolvency in his constituency shows why the sector needs closer scrutiny.

I do not doubt that the order will deliver minimal financial savings from the insolvent estate—the estimate is £600 per case. We have heard suggestions from Opposition Members about where that money might go. In my experience—to reinforce the comments of the hon.

*[Gordon Banks]*

Member for Birmingham, Yardley (John Hemming)—it is unlikely to get into the hands of the unsecured creditors. Does the order remove a burden from the creditors? Indirectly. It removes a function from the insolvency practitioner, but whether removal of that burden—if we want to call it that—actually puts funds back into the hands of creditors, especially unsecured creditors, can never be measured. Perhaps I am being cynical, but my experience tells me that all too often no funds are available after the costs of the insolvency practitioner have been met. The result is that individuals and businesses who have lost money have little or no return. That is a real concern for me.

There are other ways to deliver returns for creditors, such as maximum caps. As my right hon. Friend the Minister is aware, I tabled a parliamentary question on that matter, to which he courteously replied. There is much more we can do to focus on returning funds to creditors, secured and unsecured, beyond this narrow order.

I understand that there is an obvious need for practitioners to be recompensed, otherwise there will be nobody to do the business, but apart from words said in this place, there seems to be little acknowledgement that the process is meant to benefit creditors. The process is not intended to keep insolvency practitioners in business and generate income for them. Unsecured creditors are the real victims in such cases. Recent reports of fees of £35 million for individual windings-up are mind-boggling, as were the numbers cited by my hon. Friend the Member for Ellesmere Port and Neston about the size of the insolvent estate in his example. The insolvency practitioner involvement that could deliver a £35 million winding-up cost is beyond my comprehension.

I have never had an awful lot of confidence that an insolvency, voluntary or not, would generate much payback for my business. Many businesses the length and breadth of the UK will have similar feelings.

The order retains the burden to send notices to all creditors and to update the insolvent company's website. I argue, as I did in Committee, that the removal of the need for local advertising is detrimental to small businesses and individuals securing information relating to the insolvency.

We have heard from my right hon. Friend that the "burden" of the requirement to advertise locally only involves doing so in the local newspaper serving the area where the head office of the business is situated. I fully understand and accept that, but the House must grasp the fact that most insolvencies in the UK are not the size of Woolworths; they are local, and local papers provide a necessary flow of information to potential local creditors.

As no other changes were proposed in the order, I found it peculiar that we were faced with it in the first place, and it is intriguing that we are now debating it on the Floor of the House. There have been representations about the revenue for local newspapers from advertising costs. I support the Newspaper Society's representations about that loss of revenue, but I could not argue solely on that basis that I was not content with the order.

The order will remove the flow of information. It does not deliver more information, and that is what is needed. If I went to businesses in my constituency, or to people in the sector of which I have experience, and asked them if they knew about "the Gazette", they would obviously think that I was talking about some local paper. Most of them would have no comprehension of what the *London Gazette* is.

Information needs to be more available, not less, and I do not think that that will be the result of the order. In a submission, we were asked to have faith in the accounting records of the businesses that are in trouble, and to rely on those accounting records to provide a full list of creditors. I question whether that is realistic. Businesses in trouble do not make record-keeping a priority. Staff are paid off, and jobs are merged. There is not enough time to do jobs fully. Short cuts are taken and there is often inappropriate behaviour. I urge the Department to grasp what goes on in such situations on the ground.

The expectation that directors will co-operate with insolvency practitioners is fine; that is what we should expect. However, there are different levels of co-operation. Many directors also have limited knowledge of the operating processes of their companies. That applies particularly to basic housekeeping functions, such as the upkeep of sales and purchase ledgers. Those functions are vital in determining who a creditor is. Directors do not provide us with all the answers, and I say that having been a director for more than 20 years.

I am unconvinced that the savings of more than £3 million will be delivered. I am uneasy about whether, in 80 per cent. of cases, no additional advertising would be required—but that is what will have to happen if we are to achieve those savings. We heard from the Minister about £17 million of savings more generally; those are in what is coming the Committee's way. However, this order relates to savings of £3 million. I can understand that in 80 per cent. of cases—the percentage of cases that will have to be affected if we are to generate the £3 million-plus of savings—those concerned would not get the additional advertising, but I am yet to be convinced that they do not merit it.

To my mind, the order does not do anything to improve our insolvency practices, or to justify creditors' belief and hope that insolvency practices will deliver something for them. I share the Committee's view that it would be appropriate to review those processes fully. I am sure that if the order had been part of a Bill that improved those processes and therefore improved the return to creditors, particularly unsecured creditors, members of the Committee would have supported it wholeheartedly. However, as a stand-alone order, it leaves me a bit baffled.

The fact that the insolvency sector is growing is a sign of our times, sadly. The fact that costs in the sector seem to be escalating should worry us all. I urge the Government to address some of the major concerns regarding costs, rather than focusing on the minutiae dealt with in the order.

1.42 pm

**Mr. Nigel Evans** (Ribble Valley) (Con): May I first declare an interest? I own a small newsagent's in Swansea. I thought that I would cover myself just in case I said something in favour of local papers in this debate—or in the next one, for that matter. I should like to pass on apologies from my hon. Friend the Member for Christchurch (Mr. Chope), who intervened on the Minister

for Employment Relations and Postal Affairs at the beginning of the debate. He is chairing a Committee and sadly, cannot be here, but I am sure that he will read *Hansard* diligently tomorrow to see the answer to his question.

The focus of the debate is tight; I will try to make my contribution as exciting as I can, but the subject is a bit turgid, to say the least. However, clearly the issue has an impact on a number of people, because the requirement to place two advertisements in local papers has probably been about for a long time. I see that the *London Gazette* was first published in 1665; the hon. Member for Chorley (Mr. Hoyle) probably remembers reading the first edition when he was a child, but perhaps not. Things have moved on just a little since 1665.

I was reflecting only today on where we are now, compared to where we were when I first became a Member of Parliament. It is not so long ago that I had my first mobile phone. It was the weight of a brick, and the reception was so poor that, at times, it was as useful as a brick. I then got my first computer, so I threw away the typewriter and the Tipp-Ex, which was all rather exciting. Then the internet came along. We can all remember the days when we would try to download the first page of a document on a dial-up. We could go and bake a cake, or do something else, while that page was downloading. Now, we are talking about 100 megabytes a second. So times have moved on, and newspapers are moving along with them. A lot of the newspapers that we are talking about are online, but we are not quite at the stage at which many of them will be able to survive the recession. Things are pretty tight for them.

I suppose that the big question is whether we are talking about retaining an obligation on liquidators to advertise in two local newspapers as a means of preserving local newspapers. That is clearly not why the obligation was created in the first place. The aim was to get the information out to the creditors, and clearly in 1665 advertising in two local papers, and using the *London Gazette*, was the way to do that. I do not know how many people read the *London Gazette* these days. I suspect that it is not a lot. I suspect that more people read it online than buy copies of it. I would not even know where to buy a copy of it. Speaking as a former newsagent, I do not think that we ever sold a copy. I do not think that we even stocked it. I certainly do not remember any of my customers coming in and saying, "Have you got the *London Gazette*?"

**Mr. Hoyle:** Is there any truth in the rumour that the hon. Gentleman sold the first copy of the *London Gazette* back in Swansea? He would remember that day well, wouldn't he?

**Mr. Evans:** Touché! It is 15 all. What I am trying to say is that I can understand what is behind the thrust towards the regulatory reform in question.

On the subject of creditors, I was interested to hear a number of the exchanges about the little person—the small to medium-sized enterprise that finds that when another firm falls through, it is likely to be the body that loses the money. As my hon. Friend the Member for Weston-super-Mare (John Penrose) said earlier, there is a knock-on effect. Clearly, if a firm falls through, it could take other firms down with it. I am sure that that happens more than regularly.

The important thing is that we get the information out to creditors, but we also need to look at the whole issue of creditors to make sure that it is not the small to medium-sized enterprise—the small person, the one-man band, the small partnership—that loses out every time. The SME should get its fair share. If other people get 10p in the pound, why does the SME get nothing? We need to look at the issue again, and now is the appropriate time to do so, what with the recession and 85 small businesses falling through every day. That is a phenomenal number. It means that there are a lot of firms going out of business, and a lot of creditors who will need the information about those firms falling through, so that they can put in their claims.

I was surprised to hear about insolvency practices charging £700 an hour. If they do, or if the amount is anywhere near that, we need to look into the matter. We should worry about not the £600 that goes to two local newspapers, but the thousands of pounds that go to insolvency practitioners. That is clearly the business to be in. If we cannot be in banking and pay ourselves huge bonuses, we should be insolvency practitioners. There must be a little list of these top jobs. I am shocked to hear that that is what insolvency practitioners charge. Clearly, if they charge that sort of money, it means that the money is not getting through to the right people, which is those in the SME sector, who are spending a lot of cash in the meantime.

We are considering one narrow issue—businesses falling through—but as I recall, when I applied for an off-licence for my shop, we too had an obligation to advertise in local papers. I suspect that the same is true for planning applications. Does the order mean that the Government are considering all those instances, too? If they say that in one narrow area—in cases in which businesses fall through—it is unnecessary to advertise in two local newspapers, and that obligation is to go, I suspect that every Department will consider the issue, because the order will be a precedent. If the Minister is saying that trading has changed, I agree, but if the obligations are to disappear for one section of people, clearly the same will happen somewhere else, too.

That brings me on to newspapers, which are going through a tough time. Many of them face annihilation: circulation figures are going down and, at the same time, advertising revenues are disappearing. All that the measure will do is make the situation worse. Some of the businesses that might go bust that would normally have an obligation to advertise are newspapers themselves—at least the *London Gazette* will get an advertisement out of the measure—so they will not be around to take such advertisements.

We need to look at the usefulness of local newspapers. I said that many of them are available online, but some failed when they were making money to invest in their online services. I suspect that many of them wish that they had done so, as many newspapers, whether national, regional or local, are going online and spreading their advertising on the internet. I think that that is great, because people who have moved away from their local area can find out what is going on there and, indeed, read the classifieds. Newspapers need time, however, to make that investment, so if we vote on the issue, I would delay or defer the measure for five years, so that local papers have an opportunity to reform and to make the investments necessary to ensure that they are up to date.

*[Mr. Evans]*

In 20 years' time, many youngsters may not buy papers at all, as they will get everything online. With the iPhone, the BlackBerry and mobile wi-fi, they can download stuff, so the big question will be whether we will need to buy hard copies of newspapers. We like to do so, as it is a traditional thing for us—I love to buy newspapers and make marks on them—but will the youngsters of tomorrow feel the same?

**Gordon Banks:** Does the hon. Gentleman agree that many small businesses in the UK still do not have internet access because they do not think that they need it? They might be right, because they know their businesses better than we do. The benefits of internet access are limited for a small one-man plumbing operation, whose business is gathered by word of mouth.

**Mr. Evans:** A one-man band such as a plumber is a good example, because they tend to work from early in the morning until late at night. The last thing that they want to do is sit in front of a computer when they get home—they want to have their tea and go to bed, because they are tired. I accept that we have to be careful in our assumptions. We are not imposing an obligation on the liquidators to put anything on the internet—they can do so additionally if they think it appropriate. We are therefore talking about the *London Gazette*: it was founded in 1665, and it will still be here in 2365, the way that we are going.

**Mr. Binley:** Will my hon. Friend tell us whether he has any shares in the *London Gazette*, because it sounds as if he does not have much of an interest in the paper?

**Mr. Evans:** This is the best advertising that the *London Gazette* has had since 1665. I suspect that sales will soar tomorrow, as people go out and get a copy to see what it looks like. The publication is available online, the Minister told us, which is reassuring, but the thrust of my argument is, first, how do we get the information to the creditors and, secondly, can we make sure that creditors lower down the food chain will receive the money?

The savings will not go to the Government, because the Minister said that it will go to primary creditors, whoever they are. However, the people lower down the food chain, whom the hon. Member for Chorley was talking about, are the ones we really care about. If the £600 saving goes to small and medium-sized enterprises, I would support that, but there is a big question mark about whether that is the case. I hope, however, that in making these changes we will not push local papers closer to the brink of collapse. If this is the start, I am sure that there will be other regulatory reforms in future that will remove the obligation to place advertisements in local papers, which will further cripple the papers that we all cherish in our local areas.

**Michael Fabricant** (Lichfield) (Con): Does my hon. Friend not think that, apart from the fact that there is a delicious irony in the Leader of the House choosing to hold this debate immediately before a debate on the future of local newspapers, it is a particularly difficult time for newspapers, with the cost of newsprint at an all-time high? Sadly, given the number of insolvencies, papers are almost completely dependent on such advertisements to support their classified sections.

**Mr. Evans:** I hear what my hon. Friend has to say, and I completely agree with him. It is rather absurd, and what is even more absurd is the fact that this debate will run longer than the debate about the future of local newspapers. That is rather sad; we could have merged the debates.

1.55 pm

**John Howell** (Henley) (Con): I assure the House that I will be as brief as possible so that we can make progress.

I thank the Minister for his exposition of the order, which allayed a number of my fears. However, there is a world of difference between removing the obligation to advertise in newspapers and discouraging insolvency practitioners from advertising in local newspapers. We have to be careful lest the one stray into the other. There is a big push to use the internet. I am a great supporter of the internet, but we must recognise that it has its limitations. A benefit of the age in which we live is that, as the marketing industry knows, we have several different channels for reaching the market. The old ones do not necessarily fall out of use, and are still appropriate in the right circumstances.

We must achieve a balance between, on the one hand, access to information and the protection of creditors and, on the other, the need to reduce red tape and costs. I would differentiate between large companies, which trade widely and for which local newspapers are not particularly relevant, and small and medium-sized businesses, which are the backbone of our industry—they are certainly the mainstay of my constituency—and local newspapers play a major role for them. The notices that appear in those publications are well read, newspapers at that level are accessible—people can pick them up, read them on the train, and fill in time wherever they are—and, most importantly, they are trusted. At the moment, in relation to insolvency, the internet is not always trusted, and there have been a number of cases in my constituency in which companies have gone into liquidation but the liquidators have not been quick enough to stop the internet trading arm continuing to trade, so people have lost their money. They just go into the pool of creditors, even though the normal business has stopped trading.

I am all for reducing red tape. We may not be here specifically to benefit the media, but the points made by my hon. Friend the Member for Ribble Valley (Mr. Evans) are right. We must recognise the state that the local newspaper business is in. It is facing hardship, and we need to ensure that we do not damage it even further. I therefore seek reassurance from the Minister that, if the measure goes through, insolvency practitioners will not actively be discouraged from using newspapers; that newspapers will continue to have the means to convince insolvency practitioners of their value; and that we will monitor the process to ensure that, ultimately, creditors do not lose out.

1.58 pm

**Mr. Charles Walker** (Broxbourne) (Con): I am delighted to be able to take part in this debate, because we have uncovered a devilishly cunning plan on the part of the Government. The order has nothing to do with the £600 that will be saved in advertising insolvencies. In the

Minister, we have new Labour's very own Moriarty, because behind that smooth exterior lies a sharp brain. We are approaching a general election, and Government Members do not want my constituents or their constituents opening the local paper day after day, week after week, seeing companies going to the wall. We know that some companies will go to the wall due to the bad management of their proprietors, but many companies are going to the wall due to the bad management of this Government.

The order is a devilishly cunning plan and it nearly passed this place unnoticed, but thanks to the probing by my hon. Friend the Member for Ribble Valley (Mr. Evans) and some Labour Members, we have uncovered it. The Minister has a chance in a few moments to set our minds at rest. Is he really Moriarty or is he a force for good?

I do not want to try your patience, Mr. Deputy Speaker, but let us not be too po-faced about the £600 that will be returned to creditors. If there are 10 creditors, that will be £60 per creditor, and if there are 100 creditors, £6. The £600 is a red herring.

**Gordon Banks:** I am sorry to stop the hon. Gentleman in flow, but his breakdown of the £600 does not work in practice, because it depends who is a secured creditor and who is an unsecured creditor. The £600 will go to the secured creditors. It will not end up in the hands of the unsecured creditors.

**Mr. Walker:** The £600, though, does not make the critical difference, as the hon. Gentleman so eloquently pointed out in his speech. It is the behaviour of the insolvency practitioners that we need to be concerned about—£700 an hour? I am sure some of them charge £800 or £900 an hour. They are a disgrace. They are doing a good business at present, largely thanks to the Government whom the hon. Gentleman supports. However, it would be churlish of me to pursue that, as I have great regard for him. I recognise that he is one of the few Members on the Government Benches who has run a business for a considerable time.

**Mr. Binley:** This could well turn into a witch hunt—

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Order. Not so long as I am in the Chair.

**Mr. Binley:** Your words are most welcome and I am assured, Mr. Deputy Speaker, but I am concerned about the vilification of many good practitioners around the country who do a very good job indeed, particularly at this time, working into the late hours because of the number of insolvencies taking place. I want a little balance in that respect, and I am sure my hon. Friend would agree.

**Mr. Walker:** I thank my hon. Friend for pointing that out. Let us remember that marriages among insolvency practitioners are being destroyed as they work 15 to 20 hours a day at £700 an hour through the night to deliver a public service both to themselves and to their clients.

Mr. Deputy Speaker, you look incredibly bored by this speech, so with that in mind, I shall sit down.

2.3 pm

**Mr. McFadden:** The hon. Member for Weston-super-Mare (John Penrose) asked me some questions about savings and other changes that we are introducing, and asked me to put those in context. I propose to do that.

We intend to introduce a further legislative reform order which, like the one that we are discussing, will make parallel changes in the insolvency rules. Together those proposals will contain more about information and how it is supplied. They will cover meetings to do with creditors, reporting by office holders, clarity and accountability on remuneration and so on. So the order is part of a wider programme of change.

**John Penrose:** Before the Minister moves on from that point, can he indicate whether the timetable mentioned to the Chairman of the Select Committee for the order to be introduced during April is realistic, or whether he expects the process to take longer, and if so, how much longer?

**Mr. McFadden:** I am tempted to use that tremendously flexible parliamentary word, "soon" in respect of the introduction of the order. We hope to introduce it within the April-May timetable.

The hon. Gentleman said that he wanted to be clear—it is a perfectly fair request—that although we would be less prescriptive about the method of trying to contact unidentified creditors, the duty would still exist. I refer him to paragraph 3(b) of the order, which states that

"the liquidator—

(a) shall summon a meeting of creditors . . . not later than the 28th day after the day on which he formed"

the opinion;

(b) shall send notices . . . by post to the creditors"

shall advertise—I shall return to our friend the Gazette—

"in such other manner as he thinks fit"

and shall

"furnish creditors free of charge with such information concerning the affairs of the company as they may reasonably require".

So there are still important duties to try to identify creditors.

My hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) spoke about the costs and fees involved, and a number of other hon. Members also referred to those. As I said in my opening remarks, there is recourse to the court on these charges, and we are bringing in measures to achieve greater transparency and accountability, which the House will have a chance to discuss, through the methods that I outlined.

I want to respond to my hon. Friend's point about steamrollering, which was also the subject of the speech from the hon. Member for Birmingham, Yardley (John Hemming). That is not at all what we are doing. As my hon. Friend said, the Committee had some sympathy with the substance of our proposals, but questioned their scope and effect. Other options were open to the Committee, which they did not take. Following the Committee's consideration, it is perfectly proper to allow the House, as we are doing, to have a full debate and to ask the House to approve the order.

I must pick up on a point made several times both before and, more worryingly, after my intervention that the only beneficiary would be the Government. As I

*[Mr. McFadden]*

said, HMRC stopped being a preferential creditor some years ago. In the hierarchy of creditors, there are, first, the expenses connected with the liquidation, which we are trying to reduce through the order. Then there are the preferential creditors. In practice, the employees are high on the list, and rightly so. I agree with my hon. Friend the Member for Chorley (Mr. Hoyle) about that. Next in the hierarchy are banks, followed by unsecured creditors. It is not the case that HMRC stands first in line to benefit from the changes that we are proposing.

**John Hemming:** The point that I made about the banks is that some of the banks are, in effect, nationalised, so if they get the money, they are, in effect, the Government.

**Mr. McFadden:** I want to be fair to the hon. Gentleman, but I am not quite sure that that is what he was driving at. I do not think he mentioned the banks. He was talking about HMRC.

My hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) expressed concern about what he saw as the local bit disappearing. Let me gently disagree with him. The local bit does not disappear through these changes. They allow flexibility and choice, according to the particular circumstances of the case. It is still open to liquidators to advertise in a local newspaper if they think that is the best way to identify unidentified creditors.

The hon. Member for Henley (John Howell) asked me for a reassurance that there would be no act of discouragement. Of course there will not be an act of discouragement. All we are doing in the order is trying to take account of the effect of those adverts—as I said, only in one in 50 cases do they identify an unidentified creditor—and of the changes in the patterns of trade and communication since the rules were first established in the early part of the last century.

**Mr. Binley:** It is sometimes appropriate to issue guidance notes on matters of this kind. If the creditors were likely to be very local, could there be guidance to the effect that it might be useful to insert adverts in local newspapers?

**Mr. McFadden:** I am sure that in its dialogue with insolvency practitioners, the Insolvency Service will make it clear that if people still think that that is the most appropriate course, they should take it.

I fear that we are slightly mixing up two debates. There is a perfectly legitimate discussion to be had about local newspapers, of which I am a great fan; there is another discussion about the best method of trying to identify unidentified creditors in the insolvency process and trying to give insolvency practitioners and the companies themselves the flexibility to choose the best method.

I now come to the point about the narrowness of the order. We might be in danger of putting too much weight on this process. Legislative reform orders are for a specific purpose; there are specific criteria. As one who picked up the baton of the Bill that gave rise to legislative reform orders halfway through its passage through the House, I can say that there are very tight controls on what they can contain. It has been said that the order is not ambitious enough and that there should be a much more wide-ranging reform of the Insolvency Service. That might be a legitimate point, but if we went down the road of totally recasting insolvency law, we would not do that through a legislative reform order; in fact, if we tried to, I suspect that the House would object and say that it was a proper matter for primary legislation.

If we are dissatisfied with insolvency in general and we feel that insolvency law needs wider reform, that should be a subject for primary legislation. If we rejected the proposals in the legislative reform order because we were dissatisfied with the insolvency regime more widely, that would show a somewhat odd logic. Our judgment of the legislative reform order and the Committee's report on it should be based on the merits of the order itself and on whether the change is worth making. My contention is that it is.

I have debated with the hon. Member for Ribble Valley (Mr. Evans) a number of times, and we often hear about that newsagent in Swansea; it is a regular feature of his contributions.

**Mr. Hoyle:** Free advert.

**Mr. McFadden:** I am sure that the newsagent benefits greatly from the number of times it is mentioned here, and good luck to the hon. Gentleman. He said that the order leaves us only with the *London Gazette*, and that the people of Swansea and Ribble Valley probably do not read that every day. He is right about that, but wrong in saying that our changes would leave us only with the *London Gazette*.

**Andrew Miller:** I have just been reflecting on my right hon. Friend's earlier comments; I apologise for going back a paragraph in his notes. He was talking about the narrow nature of the order and he has acknowledged that there will be another order. The hon. Member for Weston-super-Mare (John Penrose) made a perfectly reasonable point in asking why there could not have been a single order. If there had been, we would have had a clearer picture of the Government's strategy. I do not think that there is any difference across the House or between the Committee and the Government on the issue, but we would have had a clearer picture and been able to see what was in the Minister's mind.

**Mr. McFadden:** My hon. Friend may have heard the phrase "real help now". It is precisely because we are in favour of real help now that we wanted to make the changes on advertising and bring them in as quickly as possible. Other changes are on a slightly slower timetable, but they will come in due course.

I return to my previous remarks. The hon. Member for Ribble Valley said that the order would leave us only with the *London Gazette*, which is a bit obscure for his constituents. I understand what he said, but let me make two points. The order does not leave us only with the *London Gazette*; it is open to the insolvency practitioner or the company involved to advertise

"in such other manner as"

they "think fit."

**Gordon Banks:** Is the Minister not concerned that insolvency practitioners will develop their own process of best practice, which, over time, will negate the need even for the consideration of local advertising? The practitioners might follow their own practices that had evolved over the years.

**Mr. McFadden:** The practitioners have a duty to try to identify the unidentified creditors. The point of the order is to give them flexibility and choice on how they try to do that.

It is important to be serious for a moment. I am not arguing that the *London Gazette* sells as well as the daily or local papers, but it plays an important role. It is used by credit reference agencies, financial institutions, Her Majesty's Revenue and Customs, trade suppliers and so on. It is intended not to be in the living rooms of every citizen every night, but to act as a central record to which people from anywhere in the country can go to find out information about these matters. It plays a valuable role.

The hon. Member for Broxbourne (Mr. Walker) accused me of having a cunning plan, although I was not sure about what the nature of it was. Let me assure him and the House that my and the Government's only intention with the order is to get a better deal for creditors and for the small businesses, about which we have heard, that are often at the sharp end of insolvencies.

The change is worth having; it would be a mistake for hon. Members to oppose good measures because they wanted other, wider measures that would not even be appropriate for legislative reform orders. Let us play on the pitch that we are on: legislative reform orders are appropriate for making particular changes. It would not be a good service to small businesses, which we care about, if we turned down a change that could benefit them; those other concerns should be dealt with in another way.

In conclusion, we often hear calls to reduce red tape and regulation, and they are repeated often in the House. However, there is little point in our calling for reductions in regulations and red tape in general and then opposing those reductions in the particular, when they are brought before the House. This measure is a benefit worth having. On that note, I ask the House to disagree with the Regulatory Reform Committee's report and approve the order.

*Question put and agreed to.*

*Resolved,*

That this House disagrees with the Regulatory Reform Committee in its recommendation that the draft Legislative Reform (Insolvency) (Advertising Requirements) Order 2009 should not be approved.

## Local and Regional News

*Topical debate*

2.19 pm

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett):** I beg to move,

That this House has considered the matter of local and regional news.

I am grateful for the opportunity to open this debate on an issue that lies at the heart of the democratic process and in the soul of local communities. I know that many Members share my interest in, and concern for, the health and vitality of local and regional news journalism. Many of us, in our capacity as constituency MPs or, as in my case, as regional Ministers, have a great deal to do with the matter and are worried about what is happening. The Government are worried too, and the issue is at the top of our agenda.

In January, my noble Friend Lord Carter published his interim "Digital Britain" report. After consultation, the report will be published in its final form by early summer. I commend the interim report to Members who have not already read it. They will see that local, regional and national news is a key priority—not one with easy or ready answers but one for which we are urgently seeking the right solutions that will provide a choice of impartial news, whether on television or radio or in print.

Research carried out as part of Ofcom's public service broadcasting review showed clearly that people trust and value the provision and choice of news services, particularly local and regional news. However, the sector is under pressure due to a combination of structural and cyclical factors, such as changes in readership or in styles of readership. People now tend to go online more for news, particularly younger people. My children think that I am antediluvian because I prefer to hold the thing that I am reading. They read the news online. Although newspapers are diversifying online, the physical circulation of print newspapers is suffering. It is declining by about 5.2 per cent. a year.

**Mr. Nigel Evans** (Ribble Valley) (Con): The Minister says that her children think that she is antediluvian—I am sure that they do not. We can see the trend in the disappearance of virtually every sporting newspaper, which used to be a mainstay. After the football finished on a Saturday, people would rush out and buy the sporting posts. They have virtually all gone now, as people access their information online or via the television.

**Barbara Follett** *rose—*

**Mr. Deputy Speaker (Sir Alan Haselhurst):** Order. Before the Minister replies, perhaps it would be sensible at this stage to point out to hon. Members that there is still only an hour and a half for this debate. Every intervention extends the Front-Bench speeches, so that they could take up a total of 52 minutes out of the 90, and 12 hon. Members are seeking to speak. I propose now to reduce the time limit to five minutes.

**Barbara Follett:** Thank you, Mr. Deputy Speaker. You are right; this debate is not so much for Front-Bench as for Back-Bench contributions, so I will narrow mine down.

*[Barbara Follett]*

The drop in print readership has had a crucial effect on the advertising revenue that regional and local newspapers can expect to receive. In fact, it has changed the economy of the media as a whole. The effect on equity is dramatically illustrated by the share prices of two of the four major regional news groups, which have dropped by more than 95 per cent. Those trends are exacerbated by current market conditions, which particularly affect advertising spend. There are global difficulties, and a fundamental shift is being caused by the transition from traditional methods of news gathering and reporting to the versatility of the digital world, which allows us to get news wherever we are on mobile phones—things that we keep in our pockets. The Government therefore have an important role in ensuring that a vital service that the public trust and enjoy is maintained for them.

"Digital Britain" will provide a comprehensive strategy for maintaining this country's leadership in all aspects of the communications, media and cultural worlds, and as such it will offer thoughtful and practical proposals. It will take into account the views and expertise of media industry professionals, detailed analysis of the needs of the public and the economy, and the public's views on securing the future of local and regional news.

First, the report will consider various options to ensure that the audience can enjoy the provision of high-quality regional news. In that respect, the recent memorandum of understanding signed by ITV and the BBC is an important step forward. Other options are also being considered for the longer term, including a potential role for a new public service broadcasting institution that would build on Channel 4's strength.

Secondly, the report will give priority to local and digital radio. Historically, Government and regulators have sought to secure the provision of news on radio by prescribing the number of hours of local news that must be provided by each station. Those licence requirements, alongside the localness regime, have secured a strong local news presence on the radio. However, although we remain of the view that local news is an essential part of the public value of radio, we also recognise the challenges that the industry faces. A review is already under way to examine the role that radio should have in delivering local content in a predominantly digital landscape. The review is expected to report back to Government in the next few weeks and will be reflected in the final report.

We are also aware that there is increasing support for a relaxation of conditions on greater consolidation of local media businesses. The principle is that by sharing resources, particularly in news gathering, we can help to reduce costs. We have therefore invited the Office of Fair Trading, Ofcom and other interested parties to undertake an exploratory review across the local and regional media sector to inform a decision on the existing merger regime.

We all recognise the difficult conditions in which the media currently work, but we should also recognise that the transition to a digital world brings enormous potential to widen and deepen the democratic process. The correct response to a digital Britain is for our media, the envy of the world, to apply their natural propensity for innovation and instinctive creativity to finding solutions to the challenges we face. That means that we need a new way of thinking so that we see a new era of possibility, not an endless vista of threat and decline. We also need a new approach whereby people in the media share a vision of the future and use the converged landscape to forge partnerships.

My right hon. Friend the Secretary of State for Culture, Media and Sport recently asked the industry to set out the key actions that it believes need to be taken in the short and longer term to sustain local media. He also agreed that the Government would host a conference bringing together all the interested parties—the National Union of Journalists, the Society of Editors, the Newspaper Society, local media, MPs and local and regional bodies—for a broad discussion of the issues affecting local media and potential new business models. That conference will take place as soon as possible. I am pleased that a more collaborative approach is already emerging, with the memorandum of understanding agreed last week between the BBC and ITV about the provision of news. That is a welcome step forward, which should enable others across the media landscape, including commercial partners, to examine new ways of delivering news.

Convergence in the media not only gives rise to challenges but creates new business opportunities. A sensible strategy that uses that convergence can help to sustain our vital local media. We must explore partnerships locally—private and public sector ones and those that involve local government, which has tended to turn to other methods of conveying its news. Is there potential for a new national network of local media consortiums? Is there potential for partnerships to emerge with the size, scale and vision to break down the old barriers into the media by offering work experience, training and apprenticeships to those who were previously excluded or would not have aspired to a media career, through lack of money or local opportunity? Is there potential to end the old "who you know, who can afford it" culture of journalism? That would be a truly worthwhile legacy of convergence.

My right hon. Friend the Secretary of State said earlier this year that the provision of local news and the plight of local newspapers have to rise up the political agenda. We are achieving that. We will work tirelessly to secure for local communities in every part of the country news that maintains the high standards that have long been associated with British journalism.

2.30 pm

**Mr. Edward Vaizey** (Wantage) (Con): We are debating an immensely important subject—the future of not simply a specific industry or sector, but a sector that is vital to our democracy. It seems rather sad to me, as a relatively new boy, that we have only 90 minutes to debate the subject and not the full three and a half hours that we could have if the business ran until 6 o'clock. Perhaps the Modernisation Committee, of which I used to be a member and on which I cut my teeth, could consider the matter. One example of the fall-out is that we will hear from the hon. Member for Bath (Mr. Foster) for only six minutes, and that is unfortunate.

We are all used to local newspapers and to broadcasts on the BBC and ITV to which we can look for local news. Even in the current crisis for local newspapers, 40 million adults read 1,300 regional and local newspapers

daily or weekly, some paid for and others free. A quarter of the regional press work force are focused on editorial activities. The sector still employs around 40,000 people, and 110,000 paper boys deliver local newspapers. It is still the largest advertising medium in the UK, taking almost £3 billion a year and accounting for 16 per cent. of all advertising revenue. While some of that is migrating online, about 95 per cent. is still print advertising. However, online is becoming more important for local newspapers.

We are debating the local and regional press because they find themselves in a perfect storm. They will not only have to change their business models radically in any event because of the advent of the internet, but they must do it in perhaps the toughest recession the country has experienced in our lifetime. The lifeblood of local newspapers in particular—classified advertising—was already migrating to the internet. Whereas, even five years ago, one would buy a local newspaper to find what jobs were available or what property one could buy locally, one can now do that at the click of a mouse on a range of websites. The recession has made the paradigm shift even more acute.

We debated local media as recently as the end of January in Westminster Hall. The Newspaper Society told me then that it predicted a reduction of 20 per cent. in advertising revenue in the third quarter of last year. I now understand that the advertising revenue of at least one major regional news company declined by 55 per cent. in the fourth quarter. Some people predict that about 40 per cent. of the 12,000 estate agents in this country will go out of business during the recession, and that will have an obvious knock-on effect on local newspapers' revenue.

I do not need to spout a series of statistics at hon. Members, because we all buy our local newspapers assiduously and we can all see the physical manifestation of what I am talking about, which is that local newspapers are thinner and their coverage is perhaps sketchier than it has been. When we debated local newspapers in Westminster Hall at the end of January, we were all keen to praise the fantastic works that local newspapers do in our constituencies. In my constituency, we have the *Herald* series, which has a fine editor in Derek Holmes and Simon O'Neill editing the *Oxford Mail*, and a good local reporter, Emily Allen. I made the point that in my four years in Parliament, three reporters who worked for the local paper for 30 or 40 years have retired. We will not see their like again, in the sense that people are unlikely to work for a local newspaper for 10, 20 or 30 years, so everything is in flux.

As I have mentioned, however, it is not the recession alone that is causing the problem, but a shift caused by the internet and changing patterns of media that have been going on for quite some time. The revenue of commercial radio has fallen by 20 per cent. since as long ago as 2003, and some four out of 10 commercial radio stations are no longer profitable. ITV has proposed substantial cuts to its regional news service, but we cannot pretend that the cuts were forced on ITV only in the past few months—they have been a long time coming. We welcome the announcement that ITV is to work with the BBC to share costs, which I understand will be worth some £7 million a year by 2012. However, that is in no way enough to cover the huge gap in the cost of regional news, which is some £60 million.

The change is therefore urgently needed. However, although we obviously welcome the Government's decision to look at the market and to get the Office of Fair Trading to hold an inquiry, we are within our rights to ask whether it is too little, too late. We certainly need a dramatic look at the regulations governing ownership and competition. Even in America, the Democrat leader of Congress, Nancy Pelosi, has written to the American Attorney-General asking him to intervene to save local news organisations. She makes a good point, which applies to this country, too:

"I am confident that the Antitrust Division, in assessing any concerns that any proposed mergers or other arrangements in the San Francisco area,"

which she represents,

"might reduce competition, will take into appropriate account, as relevant, not only the number of daily and weekly newspapers in the...Area, but also the other sources of news and advertising outlets available in the electronic and digital age."

That goes to the heart of my argument. The Competition Commission and the Office of Fair Trading have been very much behind the curve. They refused the decision of the BBC and commercial broadcasters to create Kangaroo because they were looking at too narrow a market. We urgently need to sweep away the rules of media ownership that prevent consolidation of local newspaper groups and alliances between local newspaper groups and commercial radio companies.

Five years ago those restrictions would have been appropriate, because they would have allowed one organisation to have a dominant impact on a local area. However, with the advent of the internet, that is no longer possible. There are now myriad local sources to which local people can turn. If we want to find a market solution to what is happening, we have to deregulate as rapidly as possible. We know that the Government have intervened in the past to suspend competition rules—for good or, as some might say, for bad—when the situation was urgent. I submit that the situation is now particularly urgent for the local press.

There is a great deal of concern about whether too many local councils are substituting their newspapers for local newspapers. Does the Minister take the same view as the Secretary of State for Children, Schools and Families on the Killian Pretty review of planning applications? It has recommended that local authorities should be allowed to pull planning application notices from local newspapers. The Secretary of State has indicated his opposition to that proposal. I asked the Minister from the Department for Business, Enterprise and Regulatory Reform about this in our debate in January, but he failed to give me an answer. This Minister is more robust and clear sighted, however, and I know that she will give us an answer on the Government's position today.

We urgently need the OFT to get on with this inquiry. We need the rules to be pushed to one side, to allow newspapers and commercial radio companies to provide a market solution to their problems, and to consolidate and form alliances as and when they think it appropriate.

**Several hon. Members** *rose*—

**Madam Deputy Speaker (Sylvia Hoal):** Order. May I remind hon. Members that Mr. Speaker has imposed a five-minute limit on Back-Bench contributions?

2.40 pm

**Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): Inevitably, much of the focus of today's debate will be on the crisis facing many of our local newspapers. I share that concern, as do those of my constituents who work in the local and regional Scottish press. I had an e-mail yesterday from a constituent who works for the *Daily Record* and the *Sunday Mail* and who was extremely unhappy about the impact that the merger of those papers will have, not only on staffing levels but on the working conditions and practices of those involved. I congratulate the National Union of Journalists on highlighting this issue in its campaign on the local and regional press.

Today, I want to talk briefly about a different aspect of the provision of local and regional news. The United Kingdom should take the opportunity to set up a network of truly local television stations. If that were done in the right way, it could benefit not only the news environment but local newspapers as well. Members will know that, with few exceptions, this country has very few examples of genuinely local TV. We have various types of regional programmes, and a regional opt-out here and there, but we have no local TV networks that are truly focused on local communities in the way that local radio is—particularly with the growing network of commercial radio stations, such as the excellent Leith FM, which is based in my constituency and with which I was fortunate enough to do an interview only an hour or so ago.

The present debate about the allocation of the digital spectrum means that we can, as part of the process, take steps to encourage the establishment of a network of genuinely local TV stations serving local communities. In Edinburgh, for example, we could have Edinburgh TV and, further afield, Fife TV or Scottish Borders TV. There are similar possibilities elsewhere in the UK to a greater or lesser extent.

There is a debate in Scotland at the moment about the possibility of a new digital TV channel for Scotland as a whole, alongside the debate about broadcasting in general that has followed the establishment of the Scottish Broadcasting Commission by the Scottish Government. There is a rather sterile debate about whether £75 million should be found for a new Scotland-wide digital channel, yet we are not having the same kind of debate about local TV in Scotland. I am sure that that applies elsewhere as well. If Scottish National party Members could have been bothered to turn up for this debate, they would no doubt have made some comments at this point, but unfortunately they do not appear to be here today.

A move towards establishing a local TV network in the UK would clearly involve certain crucial financial and organisational issues, but they could be addressed. We need to establish that, in principle, we want to see the growth of a genuinely local TV network that would be delivered on Freeview as a new local tier of public service broadcasting. Above all, that network should be delivered by organisations based in their communities and offering a genuine local perspective, and not a network that purports to be local but in fact carries little more than the occasional local item to justify its licence. Such a development could also benefit local newspapers.

I agree with the Minister that convergence offers great opportunities as well as great threats. In the process of considering how the world of local and regional news will move forward, we need to maximise the opportunities while remaining aware of the threats. For example, there is a threat that consolidation could result in even fewer players dominating even more of the media market at local as well as national level. We could see ourselves moving into a world where there is even less local news content in any local media form than there is at present. Those are directions in which we certainly do not want to move. If we work in the right way, we could actually see convergence and the development of local media such as local TV supporting other local media areas, so that the different forms could learn and benefit from sharing expertise, resources and, indeed, advertising, but that can be done only if we also accept that there has to be a real plurality of ownership, real competition and, above all, local TV and local media more genuinely based in local communities.

2.45 pm

**Mr. Don Foster** (Bath) (LD): We have already heard about the crisis in the local and regional news—news that is trusted and valued by our constituents, and, as the Minister said, lies at the heart of the democratic process. That crisis has been brought on by the current economic difficulties and the resulting reduction in advertising spend—a reduced advertising spend that has to be spread over more thinly as we increase the number of outlets, not least with the growth of online content. It is interesting to note that some analysts suggest that Google now has more UK advertising revenue than ITV.

Local and regional news provision comes, of course, from television, radio, newspapers and increasingly, as I said, online. Figures suggest that 24 per cent. of young people now get their news predominantly from online sources. We have a real crisis in all four of those outlets, and it has led to something like 2,000 job losses in the last 12 months.

In television ITV, along with the BBC, is one of the key providers of regional news, yet we have seen its recently announced £2.73 billion pre-tax loss for the last financial year, due largely to a downturn in advertising revenue. We have also seen the number of regions for regional broadcasting brought down from the original 17 to nine, which I think amounts to a real loss for our constituents. In Bath, for example, my constituents will now get their local news from as far away as Penzance—and I have to say that, frankly, they are about as interested in that as they are in news from Bolton, which is the same distance away from Bath.

Commercial radio, too, is facing huge problems. We know that five local stations have been forced to close in the last 12 months, and RadioCentre predicts that between 30 and 50 stations are in imminent danger of closing. There have also been a number of mergers, which have undermined the value to local communities.

As many people have reported in recent debates, newspapers have fared no better, with 60 titles closed in the last 12 months and a 14 per cent. reduction in the

work force. Many of our valued daily newspapers, such as the excellent *Bath Chronicle*, have had to become weekly rather than daily publications. I am sure that all Members speaking in this debate will be keen to sign, if they have not already done so, early-day motion 916, offering support for local journalism, and also early-day motion 1044, which reports the concern of many of us about the recent decision of the Guardian Media Group to reduce the number of offices serving local communities in the Greater Manchester area. Even online provision has been affected.

The question, then, is: what can be done? We are in a difficult position, midway between the preliminary report by Lord Carter on "Digital Britain" and the final result, which is due out in the early summer. Many of us were disappointed that we did not get more detail in the preliminary report, but it is worth placing on record my belief that it is possible to move forward in a number of areas.

In the case of television, it is clear that major structural changes are needed. I do not want to see the BBC's licence fee being top-sliced and I do not want to see the crazy Conservative proposal to freeze the licence fee implemented. If the best they can offer the British people is a £3 per household cut as their solution to the current economic crisis, that is a bit bizarre. It is particularly bizarre to do that at a time when the hon. Member for Wantage (Mr. Vaizey) claims that he welcomes the conversations, discussions and agreements going on between the BBC and ITV to share resources and facilities that will help ITV through its difficulties.

**Mr. Vaizey:** I am grateful to the hon. Gentleman for conveying the Liberal Democrats' message that there will be no help for the taxpayer from them during a recession. If he honestly believes the propaganda that spending £68 million would lead to a single job loss at the BBC rather than a cut in some very expensive salaries for "talent", he really is a prisoner of the BBC's corporate affairs department.

**Mr. Foster:** I hope that the hon. Gentleman took the time this morning to read the report of today's speech by Mark Thompson, who heads the BBC. It gives full details of the major changes and cost savings that the BBC will make. Those savings will help to support other commercial public sector broadcasters, which I welcome, but I hope that the Minister will also be prepared to help ITV by, for instance, relaxing the rules governing its contract rights renewal.

The Secretary of State's unwillingness to consider the possibility of product placement, which could have brought additional money into broadcasting and, perhaps, removed some revenue from online services, was antediluvian. The Minister might also consider allowing more flexibility, not in the total amount of advertising time on our commercial channels but in the time slots in which advertisements are placed.

I hope that the talks between Channel 4 and the BBC will continue, because, among other things, they may help to protect ITN.

Attention has already been drawn to the problems of radio, but we should now concentrate on the issue of cross-media ownership. There is an urgent need for us to consider ways in which the rules can be adjusted if we are to protect commercial radio stations. I hope that that will involve the introduction of a new localism test for stations applying for licences. The current test to establish whether a radio station is truly local does not deliver what my constituents—and, I suspect, many others—want.

We must also think about newspaper ownership, and try to find ways of supporting newspapers. Many newspaper owners were concerned about the proposals for BBC Local, which they rightly feared would damage local newspapers. Perhaps the proposal could be reformulated: the BBC could offer financial rewards to local newspaper and radio journalists in return for what they could provide. There are many good ideas to be explored, and I hope that the Minister will explore all of them.

2.52 pm

**Mr. Austin Mitchell** (Great Grimsby) (Lab): This subject is crucial to us as politicians, and to the nation. It involves our roots, and it involves local democracy. In this country, power is much better scrutinised at the centre by a well-organised and energetic national press than it is in the localities, where it is hardly scrutinised at all—and that scrutiny is becoming weaker and less adequate.

The local and regional media are fundamental to local democracy, to community—a local or regional news medium represents a community talking to itself—and to the provision of local information. They provide what people want to read about in the localities. We must therefore try to find ways in which we can serve and help the threatened local media.

I am not greatly concerned about the threat to radio. It is a real threat, but I am not particularly bothered about financing and supporting our local juke box. There is no reason why that juke box should be placed in Grimsby—or, for that matter, in London, although the BBC, with Radio 1, is well qualified to place it in London. We happen to have some very good local radio stations in BBC Radio Humberside, Compass FM and Lincolnshire FM, although perhaps I am prejudiced because they are in my area.

I am, however, worried about the threat to regional news on television and the regional production of television programmes, especially given the announcement of the closure of the television centre that brought television production to our area and put Yorkshire and Lincolnshire on national television screens. The closure will mean a loss of jobs and a contraction of local news services. Yorkshire Television, the ITV licence-holder in the county, is shedding 40 of the 100 jobs in regional news. That must mean that there will be a less adequate service and less adequate competition with the BBC.

I am also concerned about the pressing newspapers problem. The National Union of Journalists estimates that 900 jobs have been lost in local newspapers since June last year. Since that is its estimate of vacancies and redundancies notified to it, it must be an underestimate, so I should think that well over 1,000 jobs have been lost in local newspapers. They are struggling. There are two reasons why, and it is important to differentiate between them. The first is the effect of the recession, which is affecting advertising revenues, particularly from estate agents and the local property market. The second is the growing competition from the internet, with classified adverts being placed on internet sites. It is important to differentiate between the long-term trend threatening

*[Mr. Austin Mitchell]*

the long-term viability of the local press, and the immediate problem of threats caused by the recession. Both, however, have produced a steady process of job shedding.

Those problems have also resulted in the local press moving down market. The local press has become much more tabloid—much more interested in rape, murder, arson and other sensationalist aspects of local news. That might boost circulation in the short term, on a one-edition basis, but it becomes jading as a constant diet, and people do not want to read it. This has also produced an over-emphasis on populist politics. It has driven politics—and us as MPs—out of local newspapers, which used to be our way of reaching our electors and our community. That trend is overdone.

The complaints from the media owners about loss of profitability, and whether they can survive, are also overdone. The figures show that. The NUJ has compiled all the figures. Trinity Mirror had an operating profit of 19 per cent. last year, and the figure for the Johnston group was 29 per cent. We should compare those figures with the figure for Tesco, which is 6 per cent. Why do these companies want to make such huge profits out of the local media? We should also take into account the excessive competition from freesheets, and the waste of money involved in the London freesheets competition.

How can we help the organisations concerned through the current situation? First we must bring the parties—the editors, journalists and owners—together to discuss what is wrong, and we should involve the BBC, particularly in training and media studies. We must try to develop a strategy for the industry, with the industry.

2.57 pm

**Mr. Nigel Evans** (Ribble Valley) (Con): The hon. Member for Bath (Mr. Foster) said that freezing the BBC licence fee would not do any good, and that it would be a gesture. Perhaps Mark Thompson would like to make a gesture, too, with the £816,000 package he gets? A lot of people in my constituency have to scrape hard to pay the licence fee, which will be £142.50 when the increase comes through next month. Freezing the licence fee would send the right signal. Everybody else has to tighten their belts. Indeed, the local newspapers, that we all love, are doing so, because they have to. As the hon. Member for Great Grimsby (Mr. Mitchell) said, their advertising in areas such as employment, cars and property is shrinking. Therefore, they are making journalists redundant—some of whom have, no doubt, worked on the paper for a long time. There will also be fewer opportunities for young journalists leaving media courses, as they will find it more difficult to secure employment with such newspapers.

We cherish these newspapers, and we must see what we can do to give them some support. In my patch, we have the *Lancashire Evening Telegraph* and the *Lancashire Evening Post*, and the weeklies, *The Longridge News* and the *Clitheroe Advertiser and Times*. They have internet sections as well, and they must do that for the future; they must see the internet not as a problem that will put them out of business, but as an opportunity that will give them great potential for the future, with advertising online as well as in the newspaper. Goodness knows what will happen in 40, 30 and 20 years' time.

Will newspapers in the form that we know them today survive at all? Perhaps all the local news will be accessed via iPhones, BlackBerries or goodness knows what other devices that we can only imagine now. There are probably kids in silicon valley working on the next device that everybody will be buying to download newspapers. We must ask what can be done in the meantime to ensure the viability of local newspapers, so that they are still around to embrace the new technology. There is nothing worse than seeing a newspaper that was established 100 years ago or more going to the wall because of the current financial crisis. We must do everything possible to support local papers.

We use local papers to get our messages across, because the news is local to people and they savour finding out what their politicians are doing. We get lots of opportunities to get stuff in the local papers, whereas it is far more difficult, although not impossible, for us to get stuff in the national papers or on to the national TV or radio news. People want to know what is happening locally—in their own communities—and thank goodness we are helped by journalists who are employed here in Parliament and are basically conduits for us to get our messages across. I should also mention the team of expert journalists who work for these papers in our own constituencies, because they know our patches as well as we do and, thus, when we talk to them they know what we are talking about.

On regional TV news, I am delighted that the BBC was not allowed to do what it wanted to do—develop its local TV stations, featherbedded by its £3.5 billion of licence fee payers' money, which it gets whatever it does. The plans would have crippled a lot of our commercial newspapers and, indeed, ITV, which is against the wall at the moment, as I have seen in my region. Granada TV, my local station, does a great job with "Granada Reports" and "Party People", which is the local political programme, but even over the past 12 months the coverage of "Party People" has diminished—instead of being on every week while the House is sitting it is now on once a month. The tremendous current affairs programming that Granada used to do, which involved great expertise, has been diminished; Granada is having to pull its horns in simply because of the financial crisis.

I hope that the Minister has some answer on giving support to local papers and regional news. I think that product placement would have been one of the answers; it would have given ITV an opportunity to get some extra cash, at least during this recession.

3.2 pm

**Ms Katy Clark** (North Ayrshire and Arran) (Lab): I welcome the selection of this subject for today's topical debate, because it is clear from what has been said that we face a crisis in our local and regional news journalism. Every hon. Member has local stories to tell to highlight that. As my hon. Friend the Member for Great Grimsby (Mr. Mitchell) has said, the National Union of Journalists estimates that at least 1,000 editorial jobs have been lost since last June, and many other jobs will have been lost as local newspapers and offices have been closed. We understand that at least 60 titles have closed in the past six months; indeed, only last week a group of 18 local newspapers went into administration. The estimates are that we could lose a third of all local newspaper jobs by 2011.

It is clear that we face a crisis in this industry, and that has many implications for local communities. We talk a lot in this place about community identity and community cohesion. One of the most powerful ways in which communities achieve cohesion is through an identity that is reflected in the sharing of information about what is going on locally. If we were to see the end of local and regional press, that would have huge implications for all of us.

What we are seeing is an intensification of a process that has been going on for some time. The current difficult economic times have meant that over the past few months there has been a large decrease in the amount of advertising revenue on which local newspapers are able to rely, but in reality that trend has been going on for some time. Some newspaper groups are perhaps taking advantage of the fact that we are in such difficult economic times to go ahead with proposals that they were intending to implement anyway. The reality is that our local newspapers are owned by a number of large organisations, which, in general, are still making heavy profits. Mention has already been made of the fact that profits for local media organisations of 20 to 30 per cent. were normal, and now that profits have fallen to single figures, the organisations are not used to that.

In my constituency, for example, the Largs office of the *Largs and Millport News*—a historic newspaper that has been around for generations—has closed, and it now operates out of Ardrossan, which is outwith the circulation area of the paper. That story is being repeated nationally. Local offices are closing and newspapers are moving to other areas of the country with which they have traditionally had no connection. We are also seeing more common pages produced to be published in several newspapers in different areas.

We have heard calls this afternoon for the relaxation of media ownership laws and deregulation, but that is not the approach that the Government should take. Several suggestions have been made about how the Government could assist local media, including providing guaranteed advertising, but simply putting extra funding from Government into failed models is not the way forward. Local media face a huge challenge from the digital age and web-based technologies, and the answer is not international companies coming in to run local newspapers. We need local newspapers that are genuinely responsive to, and reflective of, the communities that they serve.

I welcome the comments made by the Minister this afternoon about bringing together all the partners in the sector—the trade unions, including the National Union of Journalists, and the enterprise organisations and regional development bodies in Scotland, England, Wales and Northern Ireland—to look at ways to put local journalism at the heart of the local media. We need quality media, and by bringing everyone together, I hope that we will be able to find creative solutions for the future.

3.7 pm

**Mr. Rob Wilson** (Reading, East) (Con): I felt compelled to take part in this debate as only last week one of my local newspapers, the *Reading Evening Post* announced that it will stop publishing daily and will instead publish twice a week. That will mean the loss of some 100 jobs, which is bad enough in itself, but the change will also have an impact on the wider community. Local newspapers are incredibly important to local communities. A local newspaper can act as the glue that binds communities together. For example, local charities, voluntary organisations, sports clubs and many other organisations rely on their local newspapers to support everything from fundraising to recruiting new members or volunteers.

The *Evening Post* is one of only three regional newspapers to have increased its circulation over the past year, so it is very disappointing that it faces these cuts. It has a good team—I know the editor, Andy Murrill, well, and although politically we differ markedly, I know that he is a very good editor who cares deeply and passionately about Reading and its people. His newspaper reflects his view that being involved in and supporting the diversity of the town is essential to both the present and the future of the town.

My constituency is a very diverse area with many different ethnic groups and religious creeds. Relations across those groups are good precisely because the newspapers in the town, especially the *Evening Post*, have taken such a positive approach to building understanding and good relationships. Andy Murrill deserves enormous credit for the part that he has played in that.

In order to weather the economic storm, local papers need both our understanding of the challenges they face and our support. I believe that the public sector has a role to play, particularly with regard to advertising, of course, in circumstances where that represents the best value. Local newspapers give councils, hospitals and the police, for example, an enormous amount of positive and free publicity, but those organisations have been switching their marketing and advertising spend to glossy in-house publications, recruitment websites and their own websites. I think that Reading borough council's glossy magazine costs about £60,000 a year, from memory, and it is read by probably 100 people in the borough. Taxpayer-funded organisations have a duty to get best value, spending their money wisely. Why print their own magazine when two perfectly good local newspapers exist to communicate exactly the same information? It makes no economic sense at all. In these difficult times, a two-way partnership with the public sector needs to be encouraged and established in which editorial content is financed through recruitment and public notice advertising. It is much better value for money and keeps local newspapers going.

There is also a role for the Government. They need to look urgently at the law regarding monopoly restrictions on local newspapers. There is now so much media choice, with radio, TV, other niche publications and websites, that the notion of strictly newspaper-dominated local monopolies simply does not hold water. There is also a certain paradox. Some newspaper groups have always enjoyed a monopoly in certain towns with absolutely no problem at all, yet newspapers cannot merge in other towns to safeguard their futures. That does not seem to be either fair or in the community's interests. The Office of Fair Trading perhaps needs to consider how it interprets the law with regard to the wider operation of the local media rather than simply considering the local newspapers. The *Reading Chronicle* is part of a family-owned group,

*[Mr. Rob Wilson]*

yet it was forced to sell one of its Slough newspapers owing to the OFT ruling that it would have a local monopoly.

I can understand the concerns about local monopoly positions. I know that some local politicians in particular are concerned about the political and editorial stance of some local newspapers. My view is that local newspapers that want to maintain circulation will avoid getting involved in the childish political squabbles that take place from time to time and will focus just on serving the interests of their local communities.

I would have liked to have gone on to talk a bit about local television, but I think that I am going to run out of time. My message to the House this afternoon, as well as to my local media, is: use it, or lose it.

3.12 pm

**Ann Coffey** (Stockport) (Lab): I want to use the debate to highlight my concern at the decision by the Guardian Media Group to announce 150 job losses at the *Manchester Evening News* and its 22 weekly newspapers, including the extremely successful *Stockport Express*, which serves my constituency. The weekly newspapers will continue to exist but their offices will be closed and the papers will all be written and designed at head office in Manchester by a remote pool of journalists. That development chimes with an unwelcome national trend towards centralisation of services and people. Sixty local newspapers out of 1,300 closed last year according to the Newspaper Society, and we do not want our weekly newspapers in the Manchester area to end up suffering the same fate.

Local newspapers such as the *Stockport Express*, which has been going since 1889, play an essential role at the heart of their communities. That is because they are written by journalists who are constantly out and about and who know the local area and its people well. Local newspapers strengthen democracy and community life and hold local government and other organisations to account. They also provide a forum for individuals and organisations to speak to each other.

Unlike many other newspapers locally and nationally, the *Stockport Express* is bucking the national trend and is gaining new readers all the time. It is the only paper in the north-west to have increased its sales. The latest ABC figures show that circulation has risen by 1 per cent. while every other title was down, in most cases by more than 5 per cent. In fact, the *Stockport Express* is the only one of 25 paid-for weekly papers in the whole UK to have seen an increase in sales, so it is very sad that instead of building on such a great success story, the *Stockport Express* is about to be weakened by having no editorial presence in the town. The rise in sales of the *Stockport Express* under the able editorship of Mandy Leigh has been accomplished as a result of the paper's reputation as a trusted, honest and open community newspaper. It is very grass roots: it understands the community and gives it what it wants, which will not happen if the editorial staff are all based in Manchester.

The *Stockport Express* has six very popular district pages devoted to small areas of the town. Those are the pages that readers often turn to first, and people tell me that it feels as though they know exactly what is happening in their road. The paper also runs hard-hitting campaigns, such as the one to save Stockport's Plaza theatre. That campaign is going from strength to strength. The paper has exposed countless stories of wrongdoing, and its very good sports page is often devoted to coverage of Stockport County, the local football team. Readers have been following the team's financial ups and downs, as well as its success in the league, and each week there is another episode in what is an exciting saga.

The paper provides a vital voice for the man or woman in the street. People feel that they can turn to it if they have an issue or a problem that they want to air. If they are unhappy with the care an elderly relative has received, for instance, they feel confident that their local paper will give them a fair hearing and will not willingly misrepresent them.

Highlighting individual cases also brings to the attention of local and national policymakers wider cases of injustice, and that can help to bring about change. I remember how one such incident began with a story in the *Stockport Express* on neighbours' complaints about noise and antisocial behaviour arising from a small children's home. It transpired that there was no need for such homes to be legally registered but, after a successful campaign, legislation was introduced in 2000 to require small children's homes to register, which allowed better monitoring of such premises. I can think of many examples over the years that illustrate the important part that local newspapers play in the democratic process of bringing about change.

The *Stockport Express* has also been a prolific winner of awards over the years. It was the last holder of the Guardian Media Group's award for best paid-for weekly, and is the current holder of the How-Do award for weekly newspaper of the year. Several of its journalists—including chief reporter Peter Devine—and photographers have won national awards.

If the Guardian Media Group proposals go ahead and the *Stockport Express* is produced in Manchester, face-to-face contact with the town of Stockport will be lost and there will be no on-the-spot journalists. The upshot will be that the bond between paper and town will be loosened, which can only damage the paper's future prospects.

When I gave my maiden speech in the House of Commons in May 1992 I praised our good local press, which then comprised of six papers. Since then, all of them have closed, apart from the *Stockport Express* and its sister paper the *Stockport Times*. It is ironic that *The Guardian* began in Manchester as a successful independent community newspaper, and yet the Guardian Media Group plans to take this drastic action.

Local newspapers provide a documented record of our social history that cannot be replaced by social networking sites and the internet. They are a record for generations to come, and for a town to lose one would be to lose its collective memory. Therefore, I urge the Guardian Media Group to think again about its proposed cuts.

3.17 pm

**Mr. Brian Binley** (Northampton, South) (Con): I rise to speak unashamedly in support of my local newspapers, which have had a long and impressive involvement in the community. The most important of the various

local newspapers is the *Northampton Herald and Post*, but the paid-for daily the *Northampton Chronicle and Echo* dates back almost 300 years. We are very proud of it, and it is an integral part of what Northampton is all about.

The *Chronicle and Echo* is produced six days a week, and it offers the community an excellent product. I am not currying favour by saying that, because the truth is that the *Chronicle and Echo* is a vital part of our community. I am not sure that it gets all the recognition that it deserves—and therein lies one of the problems that we face.

I do not believe that the value of the *Chronicle and Echo* is recognised enough in the House, or by local government officials in the Northampton area. They always allude to it as "the Chronic", which gives the House some idea of how it is regarded. Yet I assure the House that, if it were to disappear—I do not think there is any threat of that, and I would be horrified to learn otherwise—those same people would shout their mouths off because it was no longer there. The paper's value to local democracy is immeasurable.

The paper is the major vehicle for broadcasting local democracy—for understanding it and raising interest in it in the community. We misunderstand what local newspapers are about if we fail to recognise that role. I pay tribute to David Summers, the editor, Richard Edmonds, the news editor, Wayne Bontoft, the reporter, and the journalist team, whose jobs are under threat, as are those of many journalist teams up and down the country.

I pay tribute to the bravery of those journalists. They get involved in political matters. They encourage political involvement. Thank God, the days when local newspapers simply carried obituaries and photographs of weddings are long gone—not that that was ever part of the Northampton local newspaper scene. Local newspaper teams show considerable courage and journalistic ability in reporting local news honestly and clearly. Without that, our local democracy would be less.

In the brief time left for my speech, I shall talk about the difficulties faced by the local newspaper. The number of car adverts has fallen dramatically. That is a simplistic statement, because we know that people are not buying cars in anywhere near the numbers of a year ago. There has been a massive fall in car advertising. On Thursdays, the major day for job advertising, the number of job adverts has gone down from 1,000 to 200. That is a reflection of the problems we face nationally, but—importantly—that newspapers face in terms of advertising revenue.

Official notices are absolutely vital. Although I understood the reasons for passing the insolvency measure earlier, it will none the less further hit local newspapers. We need to understand that. I call on the Government to ensure that as much as possible of the advertising revenue in their remit is directed to local newspapers. If ever they needed the help of the Government, the House, and indeed local authorities, it is now. If we lose our local newspapers, we will regret it for ever more.

3.22 pm

**Andrew Gwynne** (Denton and Reddish) (Lab): Like my hon. Friend the Member for Stockport (Ann Coffey), I am concerned about the decision by the Guardian Media Group to close local news offices across Greater Manchester, coming as it does when the *Manchester Evening News*, the regional sister paper, has already faced substantial cuts. The decision means that scores of journalists will lose their jobs, which will have a huge impact on the quality and coverage of local news in my Denton and Reddish constituency. There will be a profound impact on great local titles such as the *Stockport Express and Times* and the *Tameside Advertiser*.

We all know that local newspapers have an absolutely central role at the heart of local communities, so I was shocked by the announcement that Guardian Media Group is making 150 redundancies, including 78 journalists, and closing all its weekly newspaper offices in Greater Manchester. It means that 39 jobs will go at the *Manchester Evening News* and another 39 jobs will disappear in the weekly newspapers, including the titles covering my constituency—the *Stockport Express and Times* and the *Tameside Advertiser*.

The plans also mean that all weekly papers in the *MEN* group, from as far north as Accrington to as far south as Wilmslow, will be based at its Deansgate office in central Manchester. That is devastating not only for the staff involved, but for Greater Manchester and the surrounding areas as a whole.

As we have already said, local newspapers play an essential role at the heart of their communities and are written by a group of dedicated journalists. Local newspapers provide quality, independent journalism; they hold authorities to account and campaign on behalf of readers, to professional standards of fairness and accuracy and with no agenda other than the public interest. It is more important than ever to preserve those principles, but the closure of local newspaper offices will have a profound effect on them. The founding fathers of *The Manchester Guardian*, as it was originally called, and in particular its long-time editor, C.P. Scott, would be appalled and saddened by the developments. As he said in his centenary lecture, a newspaper is

"much more than a business".

It

"reflects and influences the life of a whole community"

and has a

"moral as well as a material existence".

Let me give examples from my constituency. The *Stockport Express and Times* and the *Tameside Advertiser* are an integral part of their communities, and have been for many years. They play a major role in informing residents about events, crime, and local schools and their activities. They celebrate local success and highlight failures, and call the council and Members of Parliament to account through their investigative journalism.

In Tameside, many people feel that moving the branch office from Ashton-under-Lyne will mean that local people will have reduced access to democracy. In my constituency, many people pop into the Ashton office to give journalists a juicy story, to find out more about something that appeared in the previous week's paper, or just to voice their concerns about certain issues. The same is true in Stockport, as we heard from my hon. Friend the Member for Stockport.

Similar issues arise from reduced distribution. A substantial number of people do not have internet access, so they cannot go online to find out what is happening. The beauty of purely local newspapers is

*[Andrew Gwynne]*

that they avoid that problem. If we lose that presence in the two boroughs that I represent, people will feel that the title should no longer be the *Tameside Advertiser* or the *Stockport Express*; the newspapers will be more a Tameside or Stockport version of the *Manchester Evening News*, with a reduced number of pictures and stories, and more shared elements across the whole of Greater Manchester.

For journalists, unemployment is a big issue. Most have trained to postgraduate level, and then spend at least 18 months training to take the national certificate examination in journalism. At present there are virtually no jobs to be had in journalism, certainly not in Greater Manchester, where the *Manchester Evening News* media have a virtual monopoly. That means that standards in journalism will be lowered, and we should all be concerned about that.

Localism is the important factor for people in my constituency. The *Stockport Express* and the *Tameside Advertiser* are wonderful local campaigning newspapers with dedicated journalists. The *Stockport Express* has been an institution in Stockport since 1889. The *Tameside Advertiser* is a newer title than its Stockport sister paper, but it is just as highly regarded in the borough. This disgraceful decision urgently needs to be reversed. The newspapers are the key to campaigning in our areas, and we need to make sure that they are preserved for the future.

3.27 pm

**Mark Hunter** (Cheadle) (LD): I am well aware that the subject of today's debate is local and regional news, but I hope that hon. Members will understand if I restrict my remarks to the job losses announced at the Guardian Media Group just last week. I should like to take this opportunity to refer hon. Members to early-day motion 1044, which is in my name.

There is no point denying that local news is going through a torrid time, with advertising revenues falling and the recession hitting it hard. I am aware that the Guardian Media Group job losses are just the most recent example of a problem that is prevalent across the country. I rise to speak today to say that the newspapers that cover my constituency of Cheadle are under threat. The Guardian Media Group owns not only the *Manchester Evening News* but some two dozen titles across Greater Manchester, including the *Stockport Express and Times*, which, as we have heard, covers the whole of the Stockport borough, including my constituency.

Just last week, the chief executive of the Guardian Media Group announced 150 job cuts. That includes the jobs of 78 journalists, 39 of them from the *Manchester Evening News* and 39 from weekly newspapers right across the Greater Manchester area, including the *Stockport Express and Times*. Some of the job cuts will be voluntary, but there is little doubt that for the first time in its long and proud history, the Guardian Media Group will be responsible for compulsory editorial redundancies at the *Manchester Evening News*.

The group also announced that it would close the Stockport editorial office—and, indeed, all its editorial offices across the Greater Manchester area—with the result that the *Stockport Express* will no longer be produced in the area that it covers. Instead, it will be designed around a common template, with the central section containing common pages drawn from the *Manchester Evening News* leisure and entertainment content. It will be created at the *Manchester Evening News* offices in Deansgate by a combined pool of journalists, and the content of the paper will be shared with the *Manchester Evening News*. In other words, it will not remain local, and it will not retain the local community flavour that has been created by hard-working, locally based journalists. That will be a devastating blow to the community. The *Stockport Express* is vital to the life-blood of our area. It increases community engagement, and it strengthens local identity. The editor, Mandy Leigh, and all her team deserve congratulations on producing award-winning newspapers.

Many residents rely on the local paper for local news, to hear about local events, and to keep connected as a community. For elderly and infirm readers especially, the local paper is a vital source of information and a key link to the local area. As a former employee of the Guardian Media Group myself, I am all too aware of the dedication and hard work that many people have put in over the years to build up Greater Manchester's local weekly newspapers, and it would be a tragedy if that hard work was allowed to go to waste. Local papers, including the *Stockport Express*, provide excellent, quality, independent journalism. They report the news fairly and accurately to the public. They play a vital role in scrutinising and reporting the work of the Government and local elected representatives, holding public authorities to account and campaigning on behalf of local residents, all of which, in a time of economic uncertainty, are more important than ever.

Local papers reflect the local community, they cater for its needs and they work on its behalf. The plans by the Guardian Media Group will sever that link with the local area, losing the vital ingredient that makes local papers local. That can only damage the future of those papers. I join other hon. Members who have appealed to the Guardian Media Group to reconsider the proposals in the best interests of our community. I am happy to tell the House that it is a message that several of us will repeat to the chief executive of the Guardian Media Group, Mr. Mark Dodson, at a meeting later this afternoon.

3.32 pm

**Mr. Lindsay Hoyle** (Chorley) (Lab): I requested this debate last Thursday, and I am pleased that we are holding it today. I am pleased that everyone has enjoyed it so far, and I hope I can join in with a further contribution.

I want to speak about regional television and the fact that regional television companies are under the cosh, none more so than Granada. The hon. Member for Ribble Valley (Mr. Evans) rightly stressed the importance of political programmes. The BBC screens a regional political show on Sunday, and we must ensure that we retain the showing of "Party People" at least once a month. Indeed, it should not be shown once a month but once a week. That is what competition is about, and it is unfair that there is no competition in regional and local news, because of the dominance of the BBC.

I have nothing against the BBC, and I want it to remain in place, but I want to ensure that there is a challenge and true competition, which must come from

local newspapers, local radio and local television. Regional news and regional current affairs programmes must continue. Indeed, regional current affairs programmes are just as important as regional news. It is only right that BBC funding should be top-sliced, and that money should be put into a pot to ensure that there is true competition. The BBC has programmes online, and it has local radio, regional television and national television. There is nothing wrong with that, but I want competition to continue. It is important that ITV remains one of the main competitors.

The issue of product placement has been raised. My right hon. Friend the Secretary of State got it absolutely wrong—product placement is a way of getting new revenue in and ensuring that there is true competition in the market. That is what we have to remember—it is about competition.

Of course, we must talk about local radio, which is under the cosh, but there is some good news for my hon. Friend the Minister. On Saturday I had the pleasure of reopening the new studios for that great community radio, Chorley FM, which is broadcasting all over Chorley as we speak. Chorley FM shows that there is some good news coming out.

As for our local newspapers, both daily and weekly, none are more important than the *Lancashire Evening Post*, the *Lancashire Evening Telegraph* and the *Bolton News*. My constituents rely on those newspapers. There are times when we do not like what newspapers print, and there are times when we love what they print. The important point is that they are there to provide news locally, and it is local news that would not be picked up in any other way if it were not for local radio and local newspapers, such as the campaigning *Chorley Guardian*.

Chris McGuire and Vanessa Taylor, the veterans of the newsdesk and the *Chorley Guardian* have not only run important campaigns, but have played an important part in raising money. After one of my colleagues on the local authority tragically died of cancer, the *Chorley Guardian* ran the Mary's Prayer campaign, which raised the much needed sum of £50,000 for cancer charities.

My constituent, Jessica Knight, was, tragically, subjected to a frenzied knife attack, was stabbed 35 times and survived. The *Chorley Guardian* and the *Chorley Citizen* ran a great campaign. The *Chorley Guardian* raised £20,000 on behalf of Jessica Knight to set up a trust fund for the family during those difficult times. What other local newspapers have done is good, and if they did not such things, who would do it? There is nobody to step in and take their place.

We have touched on what has happened under the Manchester Media newspapers. The *Chorley Citizen* was running a very good weekly free sheet in Chorley. Unlike Preston and South Ribble, which lost their *Citizen* newspapers, Chorley's remains, but it is now operating out of Blackburn. The news comes from that distant headquarters. Thank goodness we have Chris Gee as a reporter, a local person well qualified to report that local news. That is what it is about—local people guaranteeing the news.

If people want to know about a birth, a death or a marriage, as many do, they pick up the *Chorley Guardian*. They look at the news and they want to find out who has died and who has been born. They all want to hear the good news as well. That is what the local media do. There is no alternative, so the Government must stand up and top slice some of that money from the BBC. Let us make a difference for the people we represent, give that money to the local media and ensure that there is competition in this country, not the dominance of the BBC.

3.37 pm

**John Howell** (Henley) (Con): We tend to think of local media, as we have done today, in terms of their broadcast role, but they are businesses in their own right, and not all of them are large groups. As my hon. Friend the Member for Reading, East (Mr. Wilson) pointed out, many of them are family owned. That applies to my own area. They are facing the normal business pressures that all businesses are facing in the recession, plus the knock-on effects and the specific problems of their industry.

I am glad that the undermining of local newspapers by the BBC over local video on demand has passed, but it is necessary to have a reasoned debate about how the future of local media will develop on a multimedia basis and the regulatory regime that will apply.

There has always been cross-fertilisation of different media. During the mid-1990s I was a business presenter for the BBC. Being a Conservative in the BBC at that time gave me a hint of what being an endangered species must be like. My experience of TV newsrooms was that they were fed by local papers, and not the other way round. We live in a world where we are blessed with different means of getting our messages across, and we should not throw out the old ones as we go along and pick up the new ones.

A number of points have been made about newspapers, principally that local newspapers are at their best when they have an affinity with the local area and when they have taken on a campaigning role. I pay tribute to the *Henley Standard* for the support it gave me for the recession networking event that I provided last week, and for its own Think Local campaign to help local shops in the town.

During the debate we have developed considerable consensus about the challenges facing newspapers with the drop in advertising income, loss of jobs and loss of titles. I hope we will also achieve some consensus about the solutions, such as freeing up restrictions, encouraging innovation and encouraging newspapers to take on roles within their own community.

We have not heard a lot today about what is local in terms of television, although the hon. Member for Great Grimsby (Mr. Mitchell) rightly touched on the matter. One of the great problems for my constituents is that the geographical areas covered by regional broadcasting have got bigger and bigger; someone in my constituency watching "local" news can see items about Birmingham or Southampton. Those reports will be important for the local communities involved, but they are not local news for my constituents. We will not have time today, but there is an issue of balance that we need to discuss and work through. What should the balance be between the need for regional television to have controllable and reasonable costs, and what works for the audience in respect of the regional network's coverage?

*[John Howell]*

It is time to end the endless review culture. The delay in sorting out the future for local media, including both newspapers and broadcast media, will cost jobs and erode an important part of our local heritage.

3.41 pm

**Mr. David Drew** (Stroud) (Lab/Co-op): I shall be very quick, Madam Deputy Speaker, because I know that the hon. Member for Colchester (Bob Russell) would like a quick word if he catches your eye.

I thank the Minister for the speed with which she and the Secretary of State responded to the National Union of Journalists group's request for a conference to consider these issues. The meeting with the Secretary of State was very useful. It shows the benefits brought by all-party groups and how important it is for us to broach all issues relating to this crisis. I congratulate the Minister on what she said.

**John McDonnell** (Hayes and Harlington) (Lab): It was a brilliant idea.

**Mr. Drew:** We look forward to going ahead with what my hon. Friend has just described as "a brilliant idea".

I want to talk about two issues. There is a view among those who work in the industry that the recession is being used as a front for some of the cuts in local and regional media. We know that the industry is in decline, although interestingly that decline is not anything like the same locally and regionally as it is nationally. Despite that, local and regional media are being sacrificed, often because of national titles. I hope that the conference will identify, consider and act on that issue.

Before making my second point, I shall refer quickly to my local newspapers, the *Stroud News and Journal*, the *Dursley Gazette*, *The Citizen* and *Stroud Life*. I feel sorry for the staff in local media. Some of the terms and conditions under which the journalists, photographers, editors and sub-editors work, and the pay that they receive, are simply unacceptable. The pay was low before the current cuts were imposed. Many people working in the sector are on the minimum wage—and, dare I say it, below it. Recently, more people have been encouraged to come on work experience as a way of getting a job. Disgracefully, that has included the BBC. It has been said that work experience is the best way to get into the industry, and the issue then becomes about people who have money and can afford to work free for six months. That precludes so many others.

It is right and proper that we look at the impact on people who work in local media; as hon. Members have said, we depend on them to get our message across. Furthermore, the general public have to trust and rely on them. If those people are treated in that deplorable way, we will not get quality and there will be no fairness.

3.44 pm

**Bob Russell:** I am grateful to the hon. Member for Stroud (Mr. Drew) for shortening his speech. With all due respect to the hon. Member for Hackney, North and Stoke Newington (Ms Abbott), it is an affront to the House that we can now have a two-and-a-half-hour Adjournment debate, given that many of us would like to speak at greater length on this subject. That demonstrates that the Government are not that serious, bothered or concerned about what is happening in our provincial press. I have been advised that local newspaper week—"week" as in seven days, not "weak"—will be from 11 to 17 May.

I speak as a former branch secretary of the north Essex branch of the National Union of Journalists, and it may come as a surprise to colleagues that 40 years ago I was editor of a weekly newspaper. Looking back, it is clear that that was the heyday of local newspapers, when their penetration in local communities was virtually 100 per cent. What we are now witnessing is happening not only in newspapers but in regional television. Anglia Television, for example, has contracted its two news services into one, which means that across the east of England there is 120 hours a week less airtime for regional television.

In recent weeks, all our local newspapers, the *Colchester Gazette*, the award-winning *Essex County Standard* and the *East Anglian Daily Times*, have sacked staff—not that we read about it, because a non-aggression pact is in place. However, I can say that the *Colchester Gazette* has dispensed with the services of 13 experienced journalists including the editor, the news editor, the chief sub-editor and the features editor. I am not criticising local journalists or the editor, who is now running the *Gazette* and the *Southend Echo*, but the paper is now produced in Basildon and printed in Brighton for Colchester—it is our own BBC. My concern is that there is less and less coverage of our local councils, courts and so on, which is a serious problem for local democracy and accountability. Local journalists want to report on those things, but they are being prevented from doing so by commercial circumstances.

Newspaper conglomerates have built up massive profits over the years. They have not invested properly, yet they still want to cream off as much profit as they can. The Government need to act and get a grip on that.

3.46 pm

**Barbara Follett:** In the very short time that I have, I shall briefly cover three subjects. The first is the need to review the rules governing media ownership, which Members have mentioned in this passionate debate. I point out that the Government have already asked the Office of Fair Trading and Ofcom to examine the merger regime for local and regional media and let us know whether any changes are needed. They issued a discussion paper on 13 March inviting responses by 31 March, which is a short window.

I turn to national and local government support for local media through advertising. We need partnership working, and I know about the Killian Pretty recommendations and that planning applications and information are worth about £40 million a year in advertising revenue. I urge hon. Members to get their local councils and local papers working together on that.

I shall end by talking about job losses and short-time working. I have enormous sympathy with what the hon. Member for Colchester (Bob Russell) said. I did an interview with the *Colchester Gazette* this afternoon and spoke to a young reporter who was deeply shocked at having been asked to take a week of unpaid leave. At the *East Anglian Daily Times*, I spoke to a much older reporter who was shocked at being made to work short

time and at the fact that his job was under threat. Those are the human tragedies behind the figures that several hon. Members mentioned in huge detail. The Government do care about this issue, and we are doing something about it. I thank hon. Members for their contributions.

*Question put and agreed to.*

*Resolved,*

That this House has considered the matter of local and regional news.

**Mr. Gerald Howarth** (Aldershot) (Con): On a point of order, Madam Deputy Speaker. Further to the important point that the hon. Member for Colchester (Bob Russell) made in his speech in the topical debate, it will be apparent to you and all those in the Chamber this afternoon that one and a half hours has been wholly insufficient to deal with an issue of huge concern to hon. Members representing constituencies throughout the country. I had intended to intervene, but I understood that there was such pressure that you decided—entirely rightly—to reduce hon. Members' speeches to five minutes. It would therefore have taken time out of their contributions if I intervened. The hon. Member for Stockport (Ann Coffey) has tabled an important early-day motion on the matter—

**Mark Hunter** (Cheadle) (LD): It was me.

**Mr. Howarth:** I am sorry. The hon. Member for Stockport signed that early-day motion. Will you, Madam Deputy Speaker, consider having a word with Mr. Speaker to ascertain whether, when we have a topical debate, which is a good institution, some discretion could be given to the Chair to extend the debate when it appears, perhaps at the last minute, that more Members want to speak than was first believed? We would not then have two and a half hours on an individual Member's Adjournment debate and the House would have an opportunity to discuss a topic further because, in my case, I have been told that the *Aldershot News* will be merged with the *Aldershot Mail*—

**Madam Deputy Speaker (Sylvia Heal):** Order.

**Mr. Lindsay Hoyle** (Chorley) (Lab): Further to that point of order, Madam Deputy Speaker. When we introduced topical debates, I thought that there was provision for flexibility for the Chair. If that is not correct, will you advise us about how we can ensure such flexibility in future?

**Simon Hughes** (North Southwark and Bermondsey) (LD): Further to that point of order, Madam Deputy Speaker. I am the third complainant, though the hon. Member for Chorley (Mr. Hoyle) spoke during the topical debate, so he is in a better position. May I also ask you to use your influence with Mr. Speaker—and we can obviously approach the Leader of the House—so that we can consider the flexibility of rules on a Thursday? For example, if an Adjournment debate does not take up the whole of the rest of the time, perhaps we could resume the topical debate afterwards and thus use the time allocated. Often, as you know, there is great pressure on the topical debate when the subject is important, and the House would be grateful if, together, we found a solution that allows big issues to be discussed by everyone who wants to participate.

**Mr. Nigel Evans** (Ribble Valley) (Con): Further to that point of order, Madam Deputy Speaker. The subject of a topical debate is, by nature, something that is in the news, but also important. Could the flexibility that we all seek be such that the Adjournment debate, which is supposed to run for only half an hour, stick to its half hour, and the topical debate could run until 6 o'clock? Clearly, we will now finish early if the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) does not take two hours over her Adjournment debate. She probably will not because she expected only half an hour. We want to give you, Madam Deputy Speaker, the ability to use your discretion and wisdom to extend a topical debate.

**Madam Deputy Speaker**: The points of order that four hon. Members have made on their concerns about the topical debate are now well and truly on the record. It is a matter for the Leader of the House and the Modernisation Committee. Those views are on the record and will be taken up.

## City and Hackney PCT (Tuberculosis)

*Motion made, and Question proposed,* That this House do now adjourn.—(*Helen Goodman.*)

3.52 pm

**Ms Diane Abbott** (Hackney, North and Stoke Newington) (Lab): I am grateful for the opportunity to address the House on a vital public health matter in my constituency: tuberculosis. My Adjournment debate is about City and Hackney primary care trust and that disease.

Tuberculosis stalked the pages of the Victorian novel. To someone who reads enough of them, it appears as if there was not a home without some young woman slowly expiring from that horrible disease. However, it became a 20th-century public health success story. Cases of TB in the UK fell to only 50,000 in the 1950s, and in my lifetime and that of the Minister, it was virtually eradicated. In the late 1980s, there were barely 5,000 cases a year.

Tragically, the incidence of TB has begun to rise again. In a deprived inner-city area such as Hackney, it is one of the most serious public health issues that we face. In contrast with the situation not so many years ago, when TB had been virtually eradicated, England now has one of the highest rates of TB in the western world, and in recent years Hackney has consistently had one of the highest rates in England.

What is more, the pattern of TB infection has changed. In the 1950s, the disease was found throughout the general population. However, the resurgence of TB has been confined to certain distinct groups. What all those groups have in common is their extreme social exclusion. TB was always a disease of poverty and poor housing, and the street homeless are more likely to have it. Drug addicts, prostitutes and sufferers from AIDS are more likely to have TB. Immigrant groups, whether legal or illegal, and would-be economic migrants and failed asylum seekers who come from parts of the world where TB has not been eradicated, are also more likely to have it.

**Mr. Mark Field** (Cities of London and Westminster) (Con) *rose—*

**Madam Deputy Speaker (Sylvia Heal):** Order. Is the hon. Lady prepared to accept the intervention?

**Ms Abbott** *indicated assent.*

**Mr. Field:** Although the time constraints are not quite what they otherwise would be, I nevertheless thank you, Madam Deputy Speaker, and my near neighbour, the hon. Member for Hackney, North and Stoke Newington (Ms Abbott). I agree with much that she has said so far, particularly about how the disease can almost seem like something out of the pages of bygone novels—although I recently read the autobiography of the former football commentator and journalist Brian Granville, who came from a relatively wealthy London family, but who suffered from the TB in the late 1940s. The hon. Lady said that hitherto the main concern was about immigrant groups in our part of central London, as well as in relatively poverty-stricken groups. Does she recognise that the increase in tuberculosis now poses a threat to health more generally, rather than just within the most poverty-stricken groups to which she has referred?

**Ms Abbott:** There is no doubt that as TB is on the rise again, it will inevitably become a threat to the health of the general population unless we take the correct measures and give the right support in order to reach out to the groups in which it currently flourishes. TB is horrific whoever suffers from it, but it could again become a threat to the health of the general population.

Hackney faces a particular crisis. The most recent figures for Hackney show that we have 60 cases per 100,000 people, compared with 15 cases per 100,000 people nationally, and we have one of the highest rates in Europe. I became more familiar with the issues to do with TB partly through my general casework, which I am sure is also true for the hon. Gentleman, but also by dealing with a case that was brought to me by my constituent Andrew McCabe. I do not wish to detain the House, nor do I wish the Minister to answer questions about a specific case. However, I would like to read into the record the life and death of Philip McCabe.

Philip McCabe was a TB patient in Hackney who died on 6 February 2007, at the very early age of 36. Following an initial two weeks' treatment, a failed discharge saw Philip sent home completely unsupported. He spent four days alone in a state of collapse, having suffered a seizure on the day of discharge. He was returned to Homerton hospital by ambulance, but accident and emergency staff refused to admit him. They sent him home, informing no other party—neither his GP nor their Homerton hospital colleagues who were treating him as a TB out-patient—of his return.

Personal and clinical contact was non-existent. Philip was left unsupported, and soon his medication—given to him as supervised consumption, through community directly observed treatment—was handed to him for an unspecified period. Untaken medication was later found when he died. Although Homerton hospital was aware of the problem, no action was taken, and it continues to claim, quite incredibly, that there was a 97 per cent. compliance rate. The patient was not monitored for the dangerous side-effects of TB medication, which can cause liver damage, especially when taken with alcohol. There was intermittent telephone contact, followed by a seven-week period of no contact because his TB nurse was on extended leave.

Philip developed liver failure, which was not noticed by Homerton hospital. This eventually led to his readmission, but only at the insistence of his GP. The hospital initially resisted. During this whole period of out-patient care, no liver function monitoring was undertaken. There were no weekly multidisciplinary meetings, and this led to some very serious prescribing errors. When his TB nurse eventually returned to work and realised that there had been a lack of contact, he phoned Philip's pharmacist. Together, they decided that he needed immediate intervention. He arrived at Homerton hospital on 2 February 2007, and was kept in A and E for four hours. At the end of that time, the staff excluded him because of his demands.

The security guard who escorted him from the premises took pity on Philip, however. He was suicidal, distressed and clearly very ill. He had no keys to his flat and no money; he just had a large suitcase. The security guard

called Philip's mother in Lancashire, and she rang and begged the hospital to readmit him. However, she was told that it could not do so, because he would have to re-register, so as not to extend the waiting time—for the sake of the records and the targets.

Despite the fact that Philip was excluded, there is no video of what happened in the accident and emergency unit. He did not receive medical intervention. He was transferred to a psychiatric ward in a neighbouring borough and became lost in the system. Having entered the mental hospital, he decided to discharge himself the following evening, as his physical health needs were not being met. Within two days, he was dead.

This is not an atypical story about a TB sufferer. Philip McCabe's life was chaotic, and he presented with many of the issues that are prevalent in the populations that I described earlier. However, there is no question but that his final weeks were tragic, and his brother—my constituent—and others in his family are continuing to raise questions about his treatment.

Within weeks of his brother's death, Andrew McCabe wrote to the director of public health with a number of issues, including the records of Philip's directly observed therapy—the therapy that was supposedly observed by a pharmacist. He was worried about the calculation of the medication levels, about the lack of monitoring, and about the lack of personal contact between the TB team at Homerton and the out-patients department there. He was also worried about the policy of excluding people from TB treatment on an ad hoc basis, about the lack of communication between departments, and about the use of prescriptions.

As well as raising those specific questions about the treatment of his brother, Andrew McCabe raised more general questions about policy and practice in relation to TB in Hackney. He also asked, not unreasonably, if he could sit in on Hackney's TB strategy group. He pursued these questions over many months, and finally, on 21 November last year, the Healthcare Commission wrote back to him to tell him that it was upholding his complaints. It would be useful if I could read some of the things that the commission said in its comprehensive report.

The commission pointed out the failings in the way in which the primary care trust had dealt with Andrew McCabe's complaints. It said specifically:

"Mr McCabe has, in essence, raised several questions regarding the basis of the commissioning contracts and obligations between the PCT and Homerton University Hospital NHS Foundation Trust. He has also questioned how the PCT monitors the quality of the services provided by the Hospital. In my opinion, these are legitimate questions, which the PCT have failed to answer in a timely and sufficiently detailed way."

The report goes on to say:

"In my opinion, the PCT were incorrect in not answering the complaint"

until another complaint had been reported.

The Healthcare Commission continued:

"By effectively putting on hold its commissioning responsibilities and obligations for the duration of"

another review,

"I consider that the PCT failed to address your concern either appropriately or with due urgency. Furthermore, any delays in the receipt of appropriate clinical advice…should not have been used by the PCT as a means of further avoiding its role and responsibility…The PCT needs to review the way in which it answers such justified commissioning questions and how it monitors the standards of its commissioned services. The PCT need to provide Mr McCabe with a clear and detailed account of its commissioning performance indicators and compliance reports."

The Healthcare Commission, then, was not satisfied with the PCT's policy in refusing to allow Mr. McCabe to sit in—not to be a voting member, but just to sit in—on the TB strategy working group.

The Healthcare Commission was similarly critical of the strategic health authority's response to Mr. McCabe's complaints. The commissioner said that he was

"satisfied that the SHA did not reasonably or appropriately respond to the concerns which you had brought to their attention."

It seems to me that this represents quite comprehensive criticism not necessarily of the treatment of Mr. McCabe's brother, but certainly of the treatment of Andrew McCabe's complaint.

I got involved in this case quite soon after Philip McCabe died. I wrote on 20 February 2008 to the chief executive of the PCT about the points that Philip's brother had made to me. I will not detain the House with all the letters that went backwards and forwards, with the holding replies, or with the months of delay between one letter from the PCT and the next. However, the inordinate delay from February 2008 to the end of 2008 finally culminated in a meeting between myself, Jacqui Harvey, the chief executive of the City and Hackney PCT, and Dr. Lesley Mountford, the director of public health.

I do not wish to be unduly critical of these ladies, who have no doubt devoted their lives to public service, but I was mildly surprised that after 10 months of correspondence with me about their treatment of Andrew McCabe and about their policies and procedures relating to tuberculosis generally, they seemed to have so little grasp of the facts and issues involved. Jacqui Harvey told me things during the course of the conversation that seemed to me improbable. She claimed that they were absolutely confident that they could track every TB sufferer in Hackney, because of comprehensive port-of-entry screening for TB.

I travel in and out of the country fairly regularly and I do not see people being screened for TB, so it seemed improbable that it was happening, even with airlines from countries where TB is much more prevalent than it is here. Of course, when I wrote to the Home Office I found out that we do not have comprehensive port-of-entry screening. I cannot understand why, 10 months after I started writing to them, the chief executive of the PCT and the director of public health should try to say something different. They claimed to be training housing officers, people in social services and so forth. I wrote to housing and social services about the training provided for identifying TB sufferers, but I have yet to receive a reply.

It seems to me that after spending 10 months sending me a series of holding replies, the chief executive, Jacqui Harvey, and the director of public health, Dr. Lesley Mountford, thought that they could have a holding conversation with me—without addressing any specific concerns. To add insult to injury, when I raised the question of Mr. McCabe attending the TB strategy group just as an observer, Jacqui Harvey accused me of trying to rush her into a decision. I cannot believe that after 10 months of letters, anyone could describe that as "rushing" someone into a decision.

*[Ms Abbott]*

At the beginning of this year, I went to Dr. Figueroa, a public health consultant who chairs the TB strategy group. He spoke very passionately about removing the stigma in relation to TB. I share his concern. However, he was less able to answer the detailed questions that I asked about the way in which directly observed therapy was managed, about record-keeping, and about the response of the PCT to the Healthcare Commission's report. It is hard to escape the conclusion that, certainly in relation to this issue and perhaps in relation to others, the PCT is presiding over a culture which, although it may pay lip service to public engagement, does not genuinely welcome it.

One of the things that concern me about the correspondence and meetings that I have had with the PCT is the fact that it says that it cannot audit the services that the provider, Homerton hospital, is offering TB patients. Apparently, that is because of the nature of the contract between the PCT and the hospital. If PCTs are contracting such important services in a way that prevents those services from being audited, there must be something wrong with the contracting process.

I am also concerned about the possibility that the Health in Hackney scrutiny commission is not taking TB as seriously as it should. Only three days ago, members of the commission chose to vote against including TB in the Health in Hackney work programme for the following year.

I am concerned about the way in which my constituent was treated. There are unresolved concerns about the sort of health care that his brother received. However, I do not want to end my speech without paying tribute to extraordinary work done at the grass roots by the TB outreach team in Hackney. When I leave the House this evening I shall visit a night shelter in Stoke Newington, in my constituency, to see the population of homeless people and sex workers whom the outreach team—which I believe is under-resourced—attempt to treat and support. We need more outreach teams and a more comprehensive approach. However, having met the persons involved, I want to pay tribute to their dedication and commitment.

It seems to me—and the Healthcare Commission confirms this—that the PCT has not dealt properly with the complaints made by my constituent Mr. McCabe. There is more to be done in engaging the public. Why should it take a year to decide whether someone—an informed, educated person whose experience of TB comes from being his brother's carer—should be allowed to attend some meetings as an observer? Why should the PCT complain, 10 months after the issue was raised, that it is being rushed?

More generally, let me say this. We know that some of the populations in which levels of TB are rising are difficult to reach—for instance, drug users, sex workers and the street homeless—but I also know that many of the failed asylum seekers and would-be economic migrants who have come to this country are particularly hard to reach because they do not want to engage with the authorities. Many of them do not have a GP. The notion that GPs can identify TB among many of my constituents is unrealistic, given the demographics of my constituency. Rightly or wrongly, the Government have pursued policies in relation to illegal migrants and failed asylum seekers that are designed to make their situation so difficult that they will return to their countries. Tragically, however, many are not doing so, and they are forming a population of super-socially excluded people who, as I have said, are particularly hard to reach.

I am concerned about the absolute level of TB in Hackney. It may well be that, according to some measures, Hackney is doing better work in relation to TB than other areas, but that does not mean that it is doing well enough. I am concerned about this rising public health threat, especially as the marginalised status of many of the sufferers—be they street homeless, people with substance abuse problems or failed asylum seekers—means not just that they are difficult to reach, but that it is not possible to apply as much political pressure and to tug as strongly at the heartstrings of the nation as it is on behalf of other groups who are subject to other ailments.

The battle against TB was a success story, but TB is on the rise again. It is especially on the rise in inner-city areas of London and in other conurbations. Good work is being done, but more needs to be done. In particular, PCTs need to do more in engaging and involving the public and must not set up unnecessary barriers, especially those PCTs with populations who tend to find it hard to engage with the authorities in the first place.

I am very sorry that all this time later, my constituent, Andrew McCabe, is still trying to get answers to questions, but I am glad that two years after Philip McCabe died—so sadly and so alone—I am able to raise the issues his death highlights on the Floor of the House.

4.16 pm

**Mr. Mark Field** (Cities of London and Westminster) (Con): I will not detain the House for long, and I appreciate that the great bulk of the comments of the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) concerned a particular constituency case. As I am sure she and the Minister are aware from the title of the primary care trust under discussion, it covers a small part of my constituency in the City of London, where we have Barts hospital and a thriving and growing residential population. Most of my constituents are based in Westminster and look to St. Mary's, Paddington as their local hospital, and others of them look east to the London hospital, but the Homerton plays an important part for those of my constituents who live in the City of London.

To be fair, some of the concerns and problems in my constituency are on a much smaller scale than those in the hon. Lady's, but an increasingly large street-sleeping homeless population has become a growing problem in particular. Tremendous and positive strides forward had been taken on that, but it has become more of a problem over the past year or so, and I fear that it will continue to be so.

**Ms Abbott:** Does the hon. Gentleman agree that one current problem is the numbers of eastern Europeans among the street homeless? With the collapse in the economy and their not being able to access public funds—I am not disputing that—there is a very worrying rise in their numbers among the street homeless, and there are simply not the resources to deal with them.

**Mr. Field:** I entirely agree. Another feature worth mentioning is that a considerable number of street sleepers in the City of London are employed. They are people who have come to this country to find work, and

who find it so expensive to get any housing that they utilise the open spaces in the City of London. The hon. Lady is right that there has been such a rise in the five years since the 10 new nations joined the European Union, and particularly around the Victoria area, given the importance of the Catholic cathedral in Westminster to much of the population concerned.

I hope that the Minister will make a few general points, as well as respond to the specific points in the hon. Lady's speech, and that she touches on some of the issues to do with screening of the migrant population in particular risk areas. The hon. Lady referred to the port-of-entry screening. I entirely agree that much of this problem is in every sense beneath the surface in that, as she pointed out, a significant number of illegal immigrants do not register with GPs and play no part with any officialdom. Given the concern about general health—I would be interested to know the answer to this, because I am not an expert on tuberculosis—what advice is the Minister getting from public health experts about the precise nature of this threat? Is there a real threat to the population at large?

With that in mind, what steps are being taken to ensure that there is proper port-of-entry screening for migrants coming from specific target countries where there is much risk, and that more care is taken of street sleepers? Are we ensuring that where there is any risk of TB starting in that population, proper public health steps are being taken? I appreciate that it is important that we do not get hysterical and make a big fuss, but those of us who represent inner-city areas recognise that the sheer hyper-diversity and hyper-mobility of the population makes not just TB but other diseases a real concern.

**Ms Abbott:** The hon. Gentleman mentioned port-of-entry screening. There seems to be an opinion among the professionals that comprehensive port-of-entry screening would not be practical and would increase the stigma. My argument is simply that people should not say that there is port-of-entry screening if there is not. If it is seen not to be effective and to have too much stigma attached, let us not do it. It is misleading to pretend that we have some port-of-entry screening when we do not.

**Mr. Field:** I thank the hon. Lady for her intervention; she obviously has become more acquainted with the nuts and bolts of this issue than perhaps I have had reason to do hitherto. We do not wish to become hysterical about this, but great and increasing mobility is part of what it is to represent our large city. I suspect that even in Bristol—the Minister must have found this in her constituency—there is an increased amount of mobility and great diversity in the population. I hope that she will be able to touch on some of these strategic issues, as well as deal with the specifics raised in the contribution made by the hon. Member for Hackney, North and Stoke Newington. Stigma is not an issue of which I, for one, have become especially aware. The hon. Lady rightly pointed out that TB was so widespread at some times that no great stigma was attached to it; it applied throughout all areas of the population. The single most important thing for us to do, on behalf of all our constituents, is to give our level best to ensure that a public health problem that we thought had been consigned to history remains just that and does not become a major problem in the years and decades ahead.

4.22 pm

**The Minister of State, Department of Health (Dawn Primarolo):** I congratulate my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) on securing this debate, even though it has taken her a long time and a great deal of detective work to get answers to the questions that she and her constituents wish to see answered. I know that she has great concern about the tuberculosis services in her constituency, and she has touched on much of that today. The hon. Member for Cities of London and Westminster (Mr. Field) also made some pertinent points.

I shall do my best to give the House an indication of exactly how the Government intend to proceed, but I wish to start by echoing again the point that my hon. Friend made about the services in her constituency. Notwithstanding the very detailed questions and the specific experience involved in the case of Philip McCabe, my hon. Friend recognised that a lot of good work is being done by national health service staff and other organisations across the whole of Hackney and Stoke Newington, and I echo that. She is raising important and specific points, but she has made it clear that she values and accepts the work that others are doing, and I support that.

**Ms Abbott:** I do not want to turn this issue into a public health scare story about immigrants, but the danger is that because the issue involves excluded groups, it does not necessarily get the attention that it deserves.

**Dawn Primarolo:** My hon. Friend has been in the House as long as I have—we entered together in 1987—and she has a remarkable ability to predict what Ministers are about to say or to guide them to what they should say next. On this occasion, I was about to deal with that important point. In addressing the serious health issues for those infected with TB and ensuring that they get the services that they deserve and need, we need to be very careful—I think that the hon. Gentleman was trying to be careful—not to add further to stigma and alarm in our communities and, therefore, inadvertently put further barriers in the way of those people coming forward for treatment.

TB is not a threat to the general population of the UK—I do not think that the hon. Gentleman meant to imply that—and that is why the Government of the day stopped the inoculations for TB. I do not know whether the hon. Gentleman is old enough to remember—I certainly am—when we had to have those inoculations at school. The risks have considerably diminished, and the strategy to tackle TB—informed by the science and the analysis by the Department of Health—is now based around an action plan with three specific themes: first, to reduce the risk of people being newly infected with TB; secondly, to provide high-quality treatment and care for all people with TB; and thirdly to maintain low levels of drug resistance, especially multi-drug resistant TB. I shall explain why that is important, although having heard the details of my hon. Friend's constituent's case I can see why she thinks that those three principles were not followed.

*[Dawn Primarolo]*

Two thirds of all TB cases occur in people who have come to live in the UK, and some 39 per cent. of all cases in 2007 were in London. My hon. Friend mentioned screening, but most TB is categorised as latent and non-infectious, and is therefore difficult to detect. In as many as a third of all cases, especially in those travelling to the UK to live and work, the TB will be latent. Only roughly one in 10 will go on to develop active TB that is infectious to others.

Regrettably, there is no reliable test to determine which latent TB carrier will develop the active disease. That should reassure the hon. Gentleman about the work that the Department and the health service are doing to reach out to the very groups that he and my hon. Friend identified. Perhaps I should at this point address the question of whether there is screening. I suppose the answer is yes and no, so I shall try to be more specific.

The long-standing policy is that immigrants from high-prevalence countries who seek to enter the UK for more than six months are screened for TB on arrival at the port of entry. A scheme to test applicants overseas rather than at the point of entry began in 2005 and testing currently occurs in seven high-incidence countries. So, to answer my hon. Friend's point, there is some screening, but she is quite right that it is not systematic screening of everyone, and nor could it be—nor should it be, in my opinion. Such proposals need to be proportionate to the risk, which means that there is not screening across the board for very obvious reasons.

As my hon. Friend pointed out, the PCT in Hackney has the 11th highest rate of TB in the city—just over 60 cases per 100,000 people. That is not the highest rate in London, but the lowest is 6.7 per 100,000. The data for the past five years show that rates in City and Hackney PCT have been declining and continue to do so.

**Ms Abbott:** Rates have declined, but the decline is a marginal decline. On screening, the problem is that too few people are known to the health authorities. A press report a few years ago said:

> "Less than half of people who died from tuberculosis in two east London inner city boroughs were known to the health authorities during their illness. A survey of TB in Hackney and Tower Hamlets showed that even among those being treated, only 27 per cent were notified. Doctors warned that without notification the risks of spreading the infectious disease were increased."

**Dawn Primarolo:** I agree with my hon. Friend. The point that I wanted to make specifically arises from the chief medical officer's action plan, which gave guidance on how to develop effective TB services. He made the same point as my hon. Friend about the need to reach out to those high-incidence areas and to communities and sections of our communities that are much more difficult to reach for a series of complex reasons, and where there is therefore the greatest risk of infection increasing. My hon. Friend and the hon. Member for Cities of London and Westminster both pointed out that people who are homeless traditionally find it much more difficult to access health care, as do people with alcohol dependency, injecting drug users and prisoners. All those issues are specifically addressed in the action plan, which provides detail about how the strategies in areas of TB incidence should ensure that the cases are found and about how those areas should have an active policy of doing that.

Indeed, that was further underlined by the good practice guide in March 2006, when the National Institute for Health and Clinical Excellence—NICE—issued clinical guidance for the management of TB and measures for its prevention and control. That guidance made specific recommendations about the types of treatment that should be used, particularly directly observed therapies, and about how to reach out to those vulnerable groups.

The plan identified 10 action points. It said that there was a need to raise awareness among professionals to minimise delays in diagnosis and to ensure that treatment is completed. It also said that there should be high-quality surveillance. I am always nervous about using that word, but by that it meant that health providers should monitor their communities so that they know where the risks lie and where the services are located.

The plan also emphasised the necessity of excellence in clinical care, and it said that patient services should be well organised and co-ordinated—a point that my hon. Friend the Member for Hackney, North and Stoke Newington made with regard to her constituent. The plan said that there should be highly effective disease control and management, that there should be an expert work force with strong commitment and leadership and that international partnerships should be formed to ensure that effective contributions are made towards controlling TB globally.

Most important of all, in 2007 the Department initiated what it called a "find and treat" programme in London, under which team members have been working alongside local TB services to look for cases of the disease among the homeless and other vulnerable groups. The aim has been to help improve the completion of treatment and actively promote the use of directly observed therapy. The find-and-treatment teams are using equipment such as mobile X-ray units to screen systematically in places such as homeless hostels and, if she has not done so already, I hope that my hon. Friend gets an opportunity to see one of the units in action. The teams also ensure that suspected TB cases are taken to local services for diagnosis and treatment. Although the treatment must be implemented in a clear manner, most of the decisions about how it is delivered are taken at the local level.

I hope that the hon. Member for Cities of London and Westminster is reassured that the find-and-treat initiative in London takes account of all the issues that he raised, and that it attempts to focus on the vulnerable groups about whom he is concerned. My hon. Friend the Member for Hackney, North and Stoke Newington also said that we needed to do more for those groups, and she has used this debate to ask whether such work is being undertaken in her PCT area.

**Ms Abbott:** The Minister mentioned directly observed therapy. I did not want to talk at length about that, but it was one of the concerns raised by Mr. McCabe. As a result of his complaints, and of the Healthcare Commission report, the City and Hackney PCT conducted an audit of its directly observed therapy services, but the audit remains in draft form only. There are many problems about how it has been drawn up, so will the Minister put pressure on the PCT to publish the audit in a proper form and fashion?

**Dawn Primarolo:** I was about to return to what my hon. Friend said about the specific case of Philip. I have not seen the Healthcare Commission report to which she has referred, but I know from what she has said in other debates that she appreciates that local PCTs must make their own decisions, even if she does not agree with that approach. However, I have heard what she has said about this particular case this afternoon, and I am conscious of the respective roles played by myself at the Department of Health and the PCTs, so I was going to suggest to her that I should take away all the unanswered questions that she has asked. I understand clearly that she and her constituent seek reassurance that the PCT has learned lessons from that tragic experience and that services will be better in future. Will she give me time—not too much—to consider? I will then meet her to see how much further on I have managed to get in answering her questions.

**Ms Abbott:** As my right hon. Friend says, I simply want answers both to my questions and those of my constituent and it has taken far too long for the PCT to give them. I am grateful to my right hon. Friend for her offer. I shall confer with my constituent and write to my right hon. Friend setting out the questions that we think have not been answered. When she has had time to reflect, I should welcome the opportunity to meet her—perhaps with my constituent—so that we can discuss how to take matters forward and ensure that the PCT, which has many excellent members of staff at many levels, dealing with TB and other issues, can learn the lessons from this episode, so that people need not die in the tragic circumstances of Philip McCabe.

**Dawn Primarolo:** I am grateful to my hon. Friend for her generosity in accepting my offer. I absolutely agree. It would be very helpful if she could write to me with the specific points that she feels have either not been satisfactorily answered or not answered at all. I am more than happy to meet her and her constituent. I thanked my hon. Friend for her generosity because she and her constituent have already waited a long time for answers. Although I am unable to give them at the Dispatch Box today, I certainly intend to try to do so in my meeting with her. When I acknowledge her questions, I should like to give her an indication of a reasonable time frame for me to find the answers and arrange a meeting.

I am grateful to my hon. Friend and to the hon. Member for Cities of London and Westminster for participating in this debate about a vital public health issue. We have more or less eradicated the disease in the United Kingdom. Those of us with experience of TB, which struck down many members of my family, particularly on my father's side, know only too well how dreadful the disease is. We know that it is absolutely vital to have proper clinical understanding, science that informs the best treatment and services that deliver it to all sections of our community. I am grateful for the opportunity to confirm today both the Government's continuing commitment to achieving that aim and the arrangements that I shall make with my hon. Friend the Member for Hackney, North and Stoke Newington to pursue sensible answers on the case she raised.

*Question put and agreed to.*

4.43 pm

*House adjourned.*

# House of Commons

*Friday 20 March 2009*

*The House met at half-past Nine o'clock*

## PRAYERS

*The Second Deputy Chairman of Ways and Means took the Chair as Deputy Speaker (Standing Order No. 3).*

**Mr. Paul Burstow** (Sutton and Cheam) (LD): I beg to move, That the House sit in private.

*Question put forthwith (Standing Order No. 163).*

*The House proceeded to a Division.*

**Mr. Deputy Speaker (Sir Michael Lord):** I ask the Serjeant at Arms to investigate the delay in the No Lobby.

*The House having divided:* Ayes 1, Noes 65.

**Division No. 80]** **[9.33 am**

**AYES**

Foster, Mr. Don

**Tellers for the Ayes:**
**Mr. Colin Breed and**
**Mr. Michael Moore**

**NOES**

Ainsworth, Mr. Peter
Alexander, Danny
Anderson, Janet
Beith, rh Sir Alan
Beresford, Sir Paul
Bottomley, Peter
Brooke, Annette
Brown, rh Mr. Nicholas
Burt, Lorely
Caton, Mr. Martin
Coaker, Mr. Vernon
Cox, Mr. Geoffrey
Dismore, Mr. Andrew
Dobson, rh Frank
Dowd, Jim
Drew, Mr. David
Duddridge, James
Dunne, Mr. Philip
Fitzpatrick, Jim
Gidley, Sandra
Green, Damian
Gummer, rh Mr. John
Hamilton, Mr. David
Hands, Mr. Greg
Harris, Dr. Evan
Heath, Mr. David
Hendry, Charles
Herbert, Nick
Hollobone, Mr. Philip
Holmes, Paul
Howarth, David
Howarth, Mr. Gerald
Hoyle, Mr. Lindsay
Hughes, Simon
Hunter, Mark
Keeley, Barbara
Kramer, Susan
Leech, Mr. John
Lilley, rh Mr. Peter
Loughton, Tim
Mactaggart, Fiona
McCabe, Steve
McCafferty, Chris
McGovern, Mr. Jim
Öpik, Lembit
Ottaway, Richard
Owen, Albert
Penrose, John
Pound, Stephen
Randall, Mr. John
Reid, Mr. Alan
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Rowen, Paul
Ruddock, Joan
Simon, Mr. Siôn
Skinner, Mr. Dennis
Syms, Mr. Robert
Taylor, Matthew
Truswell, Mr. Paul
Watkinson, Angela
Webb, Steve
Williams, Mark
Williams, Mr. Roger
Younger-Ross, Richard

**Tellers for the Noes:**
**Mr. Oliver Heald and**
**Bob Russell**

*Question accordingly negatived.*

# Fuel Poverty Bill

*Second Reading*

9.49 am

**Mr. David Heath** (Somerton and Frome) (LD): I beg to move, That the Bill be now read a Second time.

I have religiously put in for the private Member's Bill ballot for the best part of 12 years, but I have never appeared anywhere on the list until this year, when I came second. That is perseverance rewarded.

**Fiona Mactaggart** (Slough) (Lab): When is my perseverance going to be rewarded?

**Mr. Heath:** And no doubt other Members' perseverance will be rewarded in due course.

Having appeared as No. 2 on the list, I cast around for an appropriate Bill to introduce. There were a number of very worthy topics—some have been debated on previous Fridays—that I carefully considered. I believe, however, that the Bill that I eventually chose to present is of crucial importance. For a start, it is supported by a huge range of organisations outside the House. I will not name them all, but they include the Association for the Conservation of Energy, Age Concern, Consumer Focus, the Disability Alliance, Friends of the Earth, Help the Aged, the Child Poverty Action Group and Unison. That will give Members some idea of both the scope of the Bill and the level of support for it among widely differing organisations.

It has been gratifying to receive the support of Members in all parts of the House, not just those who were happy to sponsor the Bill—to whom I am very grateful—but those who have simply wished me well, and those who have signed early-day motion 1069, tabled by the hon. Member for Nottingham, South (Alan Simpson). As of today, 172 Members have supported the Bill by adding their names to the motion. I am grateful for the informal contacts that I have had with Members on both sides of the House, and particularly grateful to Labour Members, who have been fully engaged with the issues and have discussed some of them with Ministers. I am also grateful to Conservative Front Benchers, with whom I have had long discussions about the Bill. Although they favour the use of a slightly different mechanism to secure the Bill's objective, they have indicated that, should it prove necessary, they will support me in the Lobby.

The Bill is supported by many individuals, including councillors. I am sure that many Members will have received communications not just from their constituents but from their local councils, which have passed motions in support of the Bill's intentions. The reason for that is simple. The Bill is good for those living in poverty, a group that encompasses the old, young families and people with disabilities. It is good for the public health of the United Kingdom; it is very good for the environment; and, at a time when it is desperately needed, it is good for the economy. I believe that supporting it is a no-brainer.

**Lembit Öpik** (Montgomeryshire) (LD): My constituents are very grateful to my hon. Friend, because the Bill stands to assist thousands of people in Montgomeryshire who are not well off and who need such assistance desperately. Let me thank him personally for what he is doing for Montgomeryshire folk and others.

**Mr. Heath:** I am grateful to my hon. Friend for what he has said. It underlines a point to which I shall return shortly. His constituency, like mine, is extremely rural, and although many people see fuel poverty as an urban issue, it is very much an issue in rural areas as well.

**Mr. Paul Burstow** (Sutton and Cheam) (LD): I too am grateful to my hon. Friend, and congratulate him on selecting this Bill. In my constituency, 5,700 families are living in fuel poverty. Does he agree that the investment in energy efficiency measures that his Bill requires would not only help to eradicate fuel poverty across the country in a sustainable way, but would give a vital shot in the arm to our economy, particularly the construction trades which are so hard pressed at the moment?

**Mr. Heath:** My hon. Friend is absolutely right. I shall say more about that issue shortly. I believe that the mixture of sustainability and the stimulus to sectors of the economy that desperately need it is a strong point in favour of the Bill.

**Mr. Lindsay Hoyle** (Chorley) (Lab): Of course fuel poverty affects rural areas, but it affects rural and urban areas alike. No Member has missed out on it; it affects every constituency in the United Kingdom. Does the hon. Gentleman agree, however, that the villains of the piece are the energy companies, with their immoral profits and the excessive salaries that they pay their chief executives? That is where the blame lies, and that is why the Bill is so important.

**Mr. Heath:** I am very tempted to pursue the hon. Gentleman's logic, but I have to say that I have had extremely helpful conversations with some of the energy companies over the past week, and I feel that I should put on record their support for elements of my Bill. I am a bit worried about alienating them too much at this stage, because I need their assistance to make the Bill work. Nevertheless, as the hon. Gentleman knows, the fact that bills rose but have not fallen at the same rate is a real issue. It appears to be an over-bloated industry, and that gives many of our constituents cause for concern.

**Lorely Burt** (Solihull) (LD): I am delighted that my hon. Friend is presenting this Bill. The hon. Member for Chorley (Mr. Hoyle) pointed out that fuel poverty affects rural and urban areas alike. I was shocked to discover that more than 15 per cent. of people are in fuel poverty in Solihull, which is hardly renowned as one of the poorer parts of the country. That shows how pervasive the problem is throughout the United Kingdom.

**Mr. Heath:** That was a helpful intervention. If there is one place that those in ignorance might consider less likely to be affected, it is Solihull, which is an affluent borough in most respects. Yet there are people who, although apparently invisible to the authorities, live in squalid surroundings and are suffering as a result. That, too, underlines the need for the Bill.

**Albert Owen** (Ynys Môn) (Lab): My constituency, like the hon. Gentleman's, contains a mixture of rural, urban and semi-rural areas. One of the reasons for fuel poverty in those areas is a lack of gas mains. That brings us back to the energy companies. Because many of them supply both electricity and gas, they have no incentive to install gas mains and alleviate fuel poverty.

**Mr. Heath:** That is a very good point. The—I have forgotten what the commission on rural areas is called. Could someone help me? [HON. MEMBERS: "The Rural Commission."] The Rural Commission has provided me with the useful information that 42 per cent. of households in rural areas are not connected to gas mains—my constituency is very similar to that of the hon. Member for Ynys Môn (Albert Owen) in that respect—but half the communities that are not connected are within 2 km of a gas pipeline. I suspect that both a lack of will and a lack of investment are preventing many rural communities from benefiting. About 220,000 fuel-poor households, despite their proximity to a gas main, cannot take advantage of the dual-fuel discounts.

**Mr. Oliver Heald** (North-East Hertfordshire) (Con): I congratulate the hon. Gentleman on introducing the Bill. Does he agree that a major economic opportunity is offered by energy efficiency and microgeneration measures—the sort of measures that are described in clause 2(3)(a) and that might provide the green jobs and green business that we need if we are to emerge form the recession with new skills and new opportunities?

**Mr. Heath:** The hon. Gentleman has identified one of my key proposals. The Bill does not merely propose a basic insulation scheme. It does not aim for easy targets such as cavity wall insulation, which is relatively simple to install. It contains a wider basket of measures. Microgeneration measures, for instance, would be more appropriate in many of the rural areas that we have been discussing. Put together, the measures could offer businesses a huge stimulus. They arrive exactly at the time we need them. There is an urgency to get the job done and there is the capacity within the system to help us to get it done. That is why the hon. Gentleman is absolutely right.

**Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): Will my hon. Friend give way?

**Sandra Gidley** (Romsey) (LD): *Rose—*

**Mr. Heath:** I must make progress but I am happy to take interventions at this stage.

**Danny Alexander:** While my hon. Friend is on the subject of hard-to-treat homes, particularly those that rely on fuel heating oil, may I make the point that one of the great benefits of the Bill, which has led to the Highland Senior Citizens Network wishing to add itself to the list of groups that support it, is that it does not concentrate solely on easy-to-insulate homes but would allow the benefits to be spread much more widely? That is particularly important in rural areas such as the highlands, where many old, hard-to-treat homes are inhabited by people on low incomes, who are most likely to be in fuel poverty.

**Mr. Heath:** My hon. Friend is absolutely right. I am not sure what the vernacular building material is in his area, but a lot of houses in rural areas in my constituency—I do not want to overstress the rural dimension but it is important—have rubble-built, solid walls with inadequate roofing. I do not know what the conditions are in the

borders, but in Somerset they are damp. Cold and damp equals ill. If one is elderly, disabled or trying to bring up a young family, a cold damp home in the middle of winter is not a good place to be. That is the key.

What does my Bill do? As Members will see from the text, it requires the Government to introduce a strategy to eliminate fuel poverty by 2016. It does that by means of a basket of measures, including insulation and sustainable energy. Essentially it would require hard-to-heat and energy wasteful houses to be treated in a sustainable way. Therefore, it deals not only with the people who are living in those houses at the moment but with the generations to come. It will have a permanent effect. It introduces as an interim measure, on a statutory basis, social tariffs for the utilities, so that we deal with those people who are waiting for measures to be introduced in an effective way, so that we ease the burden on them and so that perhaps fewer people are cold and unhappy over the coming winters.

**Mark Hunter** (Cheadle) (LD): I add my personal congratulations on the service that my hon. Friend has done all of us by introducing the Bill, which as we have heard from other hon. Members, would help constituents up and down the land. Does he not agree that there is a real urgency for the Bill to be introduced precisely because the Government have already admitted that they are not going to reach their existing targets? They have already effectively conceded that the targets for dealing with fuel poverty and vulnerable households by 2010 are not going to be reached. Does he agree that it is therefore even more difficult to understand the apparent lack of support from those on the Government Front Bench?

**Mr. Heath:** I am going to deal with the Government's position in a moment. I think that the Government are taking action. They are involved in reviews and discussions that will greatly improve performance in this area, but that is not incompatible with my Bill. This is a belt-and-braces approach. It recognises work where it is being done. However, my hon. Friend is right to suggest that we are barely scratching the surface. As a country we need to do much better. I believe that the Government are actively considering how they can do that. What I want to do is to set clear objectives, which, as I will discuss later, we thought we already had, in order to make that happen in a time scale that is recognisable and reasonable, considering the urgency of the situation. I now give way to my very patient hon. Friend the Member for Romsey (Sandra Gidley).

**Sandra Gidley:** I too welcome the Bill, but is my hon. Friend aware of the briefing from the Energy Retail Association? He has been very kind about some of the energy retailers, but was he as concerned as I was to read that they are saying that:

> "There are dangers that putting a customer on a social tariff could undermine the benefits of a competitive market"?

He may have an opinion on that. I do not necessarily subscribe to their view—I want to make that clear. He may recall that, a few years ago, tariffs designed to help old people were introduced at a very low rate and then there were swingeing increases year on year. People were trapped in the system. Does he trust the energy companies to deliver on this?

**Mr. Heath:** First, there is quite a difference in performance between some energy suppliers and others. Secondly, it is almost impossible to compare what is offered because the tariff arrangements that they suggest are complicated. Thirdly, there is enormous churn, with people being badgered into changing their accounts from one company to another on the assumption that they are getting a better deal, which often is not a better deal at all. Although I hear what the suppliers say and understand the need to maintain a competitive market, it is in their interests for there to be a statutory basis for a social tariff so that everyone understands what it should comprise of and they work on the same basis.

**Mr. David Drew** (Stroud) (Lab/Co-op): The hon. Gentleman has probably been talking to the same energy companies as I have. I will not mention the name of the company that I am referring to, but I was surprised to be told that the mechanism to decide on eligibility is more often than not income support. I asked the company in question how it checked that people were on income support, to which the answer was, "We don't." Therefore, it is a fairly open door, which may be good, but there is no mechanism by which to find out who is eligible and why. I do not think that that is terribly clever. I am sure that he would agree.

**Mr. Heath:** I agree. There are people benefiting from schemes at the moment who are not in fuel poverty. Others are not benefiting who should be given more support. That is one of the arguments for putting the scheme on to a statutory basis. It would involve the Government determining eligibility criteria; there is a precedent for that to an extent in a recent Pensions Bill. Again it is common sense. We need common criteria to ensure that these measures are targeted at the right people and that the right people benefit. Often that is not the case.

**Annette Brooke** (Mid-Dorset and North Poole) (LD): Will my hon. Friend give way?

**Mr. Heath:** Will my hon. Friend forgive me for a moment? I will come back to her but I should get to the end of my first page if I possibly can.

**Simon Hughes** (North Southwark and Bermondsey) (LD): How many pages are there?

**Mr. Heath:** Not many.

This is what the Bill does. It offers a strategy to eliminate fuel poverty by 2016, to treat homes with lasting and sustainable improvements and, in the interim, to introduce a statutory social tariff.

I cannot believe, and a lot of Members here today find it difficult to believe, that in this so-called civilised country, which is affluent even in modern circumstances, we can allow 3.5 million households at a conservative estimate—the figure is probably 5 million—to be in fuel poverty. It is a disgrace. I think that all sides recognise that that is a disgrace, so we are talking about how to deal with that.

It cannot be right that one in three older people live in one room over winter to keep warm. It cannot be right that one quarter of all older people stay in bed to keep warm. It cannot be right that one in 10 older people in this country cut back on essentials such as food and clothes to pay fuel bills because they cannot do both. That is a national disgrace and it is one that we

*[Mr. Heath]*

need to address. It cannot be right also that every year in this relatively temperate country of ours people die because of the cold. Department for Environment, Food and Rural Affairs figures from 2004 show that, each year in the United Kingdom, there are between 25,000 and 45,000 excess winter deaths—that is the clinical and unexpressive term that is used. That does not happen elsewhere; it does not happen in much colder countries than ours, such as Norway, Sweden or the other Scandinavian nations. They have severe winters, but they keep their citizens warm in their homes. We fail, and we as a House are responsible for the fact that that is happening. Also of course, for every person who dies from a cold-related death, many more are made ill or put in hospital as a result of cold.

Given that we all identify climate change as the biggest and most urgent issue we face, it cannot be right that so many homes in our country leak energy—energy is wasted simply because the houses are not up to the necessary standard. If my Bill were implemented and the houses that we have identified as being lived in by people in fuel poverty were brought up to standard, their carbon emissions would be reduced by 59 per cent. Should that not be a priority for the House and the Government? If we are going to make a real difference on climate change, we must start with domestic households and stop wasting energy. Of course, that would reduce costs as well—not only costs to the individual, but costs to the state in providing support. It therefore makes sense to do something about such a loss of energy.

I have touched on the fact that this is a rural as well as an urban issue. Indeed, I have stressed the rural dimension, but I do not want Members who represent city constituencies to feel that I have left them out. We have heard from my hon. Friend the Member for Solihull (Lorely Burt); I think I would describe her seat as a suburb constituency, but perhaps that is a dangerous thing to say. *[Interruption.]* There are perfectly nice and very pleasant suburbs; suburbs are good—country is better, but suburbs are good. My point, however, is that this is an issue for the entire nation.

Let me reiterate the economic dimension. It makes sense to create green jobs. I thought the Government wanted to do that. I thought they said that one of their initiatives to beat the recession was to stimulate areas of the economy that were going to produce sustainable work for the future. That must start with those jobs that provide an environmental benefit. There is huge scope here, as a lot of individuals will be involved.

My hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke) has been very patient, so I shall now invite her to intervene.

**Annette Brooke:** I thank my hon. Friend for giving way, and I congratulate him on introducing the Bill. He has presented some shocking statistics on fuel poverty. Is it not also shocking that our poorest and most prudent constituents use prepayment meters and they are being rewarded with even higher charges? That is disgraceful.

**Mr. Heath:** My hon. Friend is absolutely right. It is one of the tragedies at the moment that some of our poorest constituents end up paying the most for their fuel. They do so via tariff systems, and prepayment meters are part of that. I do not think, however, that we can draw an easy equation between those buildings with prepaid meters and the people who are poor. It is not as simple as that. It is true that a lot of people who are in poverty have prepaid meters, but many people who are not in poverty have prepaid meters, particularly in London where many private sector landlords install them as a matter of course. Often yuppies who work in the City live happily in those flats—perhaps we should call them the new poor, but I do not think they are poor yet. The equation is, therefore, not quite that simple, but my hon. Friend is right that this issue needs to be addressed as part of the social tariff arrangements.

The Government are discussing social tariffs with the Ofgem-regulated electricity and gas companies, but, as the hon. Member for Ynys Môn said, a lot of people in this country do not heat their houses with gas or electricity—gas because they cannot get it, and electricity because that is not the way they have traditionally heated their home. They rely on liquefied petroleum gas, fuel oil or solid fuel, and those fuel sources have increased in price the most over recent years. People who rely on them are now having the greatest difficulty in paying their bills. I should declare an interest here: my rural hovel relies on fuel oil and the bill has gone up enormously this year compared with last year. I can just about pay the bill, but I recognise that others will be in great difficulty.

There is a permissive element within the social tariff part of the Bill. It permits the Government to bring other fuel sectors into the equation if they can— although I am not sure whether it is possible. I would not necessarily want those sectors to be brought within the Ofgem bureaucracy, because that may result in more regulation than is required, but if we can find a way of extending the social tariff to non Ofgem-regulated fuel sources, that would be of great benefit.

**Sir Alan Beith** (Berwick-upon-Tweed) (LD): I am glad my hon. Friend has mentioned the people who are not on the gas network and who rely on Calor gas as their only means of heating, because that is an even more uncompetitive market than the oil market. It involves a commitment to a tank, which effectively determines which supplier they are going to use. I hope that he will continue to stress, therefore, that there is a series of reasons why many people in rural areas are more likely to be fuel poor, and that is one of them.

**Mr. Heath:** My right hon. Friend is absolutely right.

**Mr. Roger Williams** (Brecon and Radnorshire) (LD): I have discovered that a number of people living in social housing in my constituency use LPG. It is the council that orders the LPG, but the LPG company sets the tariff, so the customer has no control at all. They have no involvement with the supplier, and the council obviously has no incentive to work on their behalf. Does the Bill contain any measures that might address those problems?

**Mr. Heath:** That is a very interesting observation. First, one wonders why the council feels it has no duty of care to those people; a council should have regard for the poorer people whom they house. There is certainly no barrier to that issue being addressed in the Bill.

**Mr. Alan Reid** (Argyll and Bute) (LD): I congratulate my hon. Friend on introducing the Bill. I want to emphasise the point made by the two previous party colleagues who have spoken. In large rural constituencies such as mine, many houses are well outwith the 2 km distance from the gas network that my hon. Friend referred to earlier. There is no possibility of those properties ever getting gas, and they are reliant on a variety of other sources, such as oil, Calor gas and solid fuel. I hope the Bill gets its Second Reading today and that when it reaches its Committee stage we can explore ways of bringing such heating systems within regulatory networks, so that they too can benefit from regulation. Last year's spike in oil prices is causing severe problems for people with those heating systems.

**Mr. Heath:** That is absolutely right, and I suspect that in the highlands and islands, part of which my hon. Friend represents, there is also an additional premium because of the distances involved in delivering to those far-flung areas—far-flung from us here, but not far-flung from them there. This part of the Bill covers Scotland and Wales, although I have to emphasise to hon. Friends representing constituencies in Scotland and Wales that the part that deals with statutory matters does not cover them because of the devolved arrangements. I hope that if we can succeed in getting the Bill through this House and on to the statute book, it will serve as a pattern for the devolved Administrations, so that they, too, will wish to do something similar in their own areas.

**Mr. Michael Moore** (Berwickshire, Roxburgh and Selkirk) (LD): May I be the latest in a long line of colleagues from all parts of the House to compliment my hon. Friend on this fantastic Bill and speak about its importance for all our constituents? The fact that, as he says, the entire United Kingdom is covered by certain parts of the Bill is very important. Clause 10, which relates to the energy assistance packages, is also important because it would require a supplier to supply energy to eligible customers at a lower tariff than any other rate available from that particular supplier. Earlier, he said that he had had some constructive discussions with the suppliers about that, so can he give us an insight into their response to that particular proposal? How can we make sure that those packages work as effectively as they need to do?

**Mr. Heath:** I am grateful to my hon. Friend for that intervention. Opinions differ—suppliers are not all united—on this; some think that the packages pose a potential difficulty in their competitive structure, whereas others are worried that the social tariff that they have introduced provides for a better deal than is likely to emerge in a universal concept. There are many discussions still to be had, but I know that Ministers are having such discussions at the moment and are committed to making progress. It would be wrong for me to prescribe in a private Member's Bill anything that would cut across current work, and I have stressed that throughout in my discussions with everybody on this. My Bill is essentially a permissive one—it would put a duty on the Secretary of State to provide the strategy and it would permit the Secretary of State to bring in a statutory social tariff, but the elements making up that strategy and tariff would be left to the Secretary of State. I make no apologies for that, because this is a highly technical issue and the last thing I want to do is torpedo work that is in progress, but I want to focus that work in the right direction—the one that I think will achieve the best results.

**Mr. Jim McGovern** (Dundee, West) (Lab): May I take the hon. Gentleman back a couple of minutes to when he mentioned the impact of his Bill on Scotland? I am sure that he will be aware that it appears that no Member from the Scottish National party is here. Does he agree that far from standing up for Scotland, as is the party's slogan, more often than not its Members do not turn up for Scotland?

**Mr. Heath:** It is very noticeable that the SNP Members are not here today—I would have thought this matter ought to have interested them—and it is noticeable that Members from all the other parties, who have interests in all parts of the United Kingdom, are here—I shall leave it at that.

**Mr. Andrew Dismore** (Hendon) (Lab): I congratulate the hon. Gentleman on introducing his Bill, which I assume he is now getting on to discussing. I would particularly like to talk about the question of duty and clause 2. He knows that a legal action was brought for judicial review under the Warm Homes and Energy Conservation Act 2000 and was dismissed. Is his intention to create a duty that is fully justiciable against the Secretary of State, so that the courts could second-guess and, indeed, overrule the Secretary of State if we were not to meet the duties set out in clause 2?

**Mr. Heath:** I am grateful to the hon. Gentleman for that intervention, for signing the early-day motion that stands in the name of the hon. Member for Nottingham, South and for the fact that he is committed to the Bill's progress today, because his interest in the matter is much appreciated.

I was about to come to the contents of the Bill. The first thing that we need to address is the fact that this is not a new concept; there are Members in all parts of the Chamber who have achieved a huge impact on this policy area in previous Bills that have been taken through the House. A series of Bills and of initiatives have dealt with fuel poverty, and that tells me that there is an appetite within the House for tackling it effectively.

**Paul Holmes** (Chesterfield) (LD) *rose—*

**Mr. Heath:** May I just deal with these issues for the moment? The most important is the one to which the hon. Member for Hendon (Mr. Dismore) referred. The most recent enactment was the 2000 Act, which we all felt put a clear duty on the Government to eliminate fuel poverty, with a time scale in which to do so. I do not think that there was any dubiety among Members of the House or among members of the Government as to the duty that that particular enactment conferred. That was the case until 17 October when the High Court determined that it was not a duty in the sense that any of us understand a duty and that it was merely a desirable outcome as far as the Government are concerned.

*[Mr. Heath]*

That brings me to the justiciability of the duty. I have carefully set out in this Bill a duty to produce a strategy. That is a perfectly reasonable duty and I think that any court would hold that it is a perfectly reasonable duty for the Government to have. It is not a duplication of the previous duty—the one struck down by the High Court in a decision that, I believe, is still subject to appeal—because that would be a futile action on the part of the House. My proposal is framed in an entirely different way, but it reinstates what I believe to have been and, I assume, still are, the Government's intentions.

I have good reason to believe they are the Government's intentions because they have said so repeatedly. Labour's election manifesto in 2005 stated:

"Our goal is to eliminate fuel poverty for vulnerable groups by 2010, and for all by 2015."

That target has slipped a little, but my Bill's provision in respect of 2016 is consistent with Labour's manifesto. The then Minister of State in the Department for Environment, Food and Rural Affairs, the hon. Member for Dudley, South (Ian Pearson), said in May 2006 that

"the Government remains committed to achieving...the targets"—

set pursuant to the 2000 Act.

He went on to say that

"we aim to eradicate the range of consequences of fuel poverty".

The Minister who sits on the Treasury Bench today, the Under-Secretary of State for Energy and Climate Change, the hon. Member for Lewisham, Deptford (Joan Ruddock), in giving evidence to the Select Committee on Environment, Food and Rural Affairs on 14 January—only a couple of months ago—said that the Government

"do not intend to miss the 2016 target".

There is a very clear intention on the part of the Government to do what my Bill requests.

**David Howarth** (Cambridge) (LD): I congratulate my hon. Friend on introducing this Bill. I understand the circumstances of a private Member's Bill, which mean that he has to be as kind as he possibly can be to the Government. The problem is that the Government themselves told the High Court in October that

"it is not considered reasonably practicable to take all of the measures that would be required to eradicate fuel poverty, as such measures are not necessarily cost effective and the resources are not available to pay for them".

This Bill rightly would introduce a clear duty on the Government to carry out their previous promise, and I do not think he should be at all vague about that, because it is at the heart of the Bill and it is the reason I am here to support it.

**Mr. Heath:** I do not think I am being at all vague about it. I am merely saying that I am hopeful, even despite the performance to date, that the Government have the intention of meeting the targets in the Bill. That is one reason why I do not believe—I hope that I am correct—that the Government will disagree today with the Bill's progress into Committee.

**The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock):** I simply wish to reiterate what the hon. Gentleman has just stated, because that is, indeed, the policy of the Government and will continue to be so. The argument that I shall come to when I get the opportunity to speak is about the absolutist position embodied in the Bill and the fact that current legislation does say

"as far as reasonably practicable".

**Mr. Heath:** I am not sure that my Bill is absolutist in any sense of the word, although we shall discuss that further.

**Mr. Dismore:** I assume that the answer to my previous question is therefore yes—that it is intended to be fully justiciable. I wish to correct something that the hon. Gentleman said. The duty would not only be to produce a strategy. The duty would be to achieve an objective, with no qualification, by 2016, no matter what happens in this country or the rest of the world. Clause 2(1) would impose an absolute duty to achieve that objective, and that is one of the concerns that I have about the Bill. I support what he seeks to achieve in policy terms, but I am concerned that the Bill could create a duty that might prove to be impossible to meet, and the court could force the Government to prioritise it over all the other things that they have to do.

**Mr. Heath:** That is an interesting discussion that I will be happy to have in Committee. I do not want to resile from the objective, because it is very important. The Labour party manifesto did not put any conditions on the promise: it was a clear goal, and that is what I hope to achieve. But the Bill would provide sufficient flexibility within the strategy for the Government to adjust to circumstances and apply resources as appropriate.

We have to decide whether we are serious about dealing with climate change and ending fuel poverty. We cannot say, "But it might get a bit difficult." It is a priority. People are dying every year, so I make no apology for making it a priority.

**Paul Holmes:** My hon. Friend has said that this is not a new issue, and he gave some examples from recent years. I first became politically active in 1983, when I joined a political party during the general election that year, and one of the policies of the then SDP/Liberal Alliance—the forerunners of the Liberal Democrats—was a massive programme of home insulation, to cut the fuel bills for those in fuel poverty and create labour-intensive work to get people back into employment to counteract the Thatcher recession. The 18 per cent. of my constituents who live in fuel poverty today cannot understand why, a quarter of a century later, these issues still need to be raised and the Government need to be pushed to take effective action on such a serious issue.

**Mr. Heath:** My hon. Friend underlines why simply having good intentions is not enough. We have all had good intentions for a long time, but they have not delivered and that is why we now need something more concrete.

I am being nice to the Government, as my hon. Friend the Member for Cambridge (David Howarth) suggests, because I have talked to the Minister, and I am grateful for the time that she spent telling me about what the Department is doing. I recognise that it is travelling in a similar direction, and I hope that out of its reviews will come a recognition that the present

approach is insufficient and that more energy and resources need to be directed at the issue. I see no difficulty in reconciling what is happening with the Bill. It is a belt and braces approach that says that this Government, or any other Government, need to address the issues. There is a deadline and it is not good enough simply to produce policy papers: we need action.

One issue was a sticking point in my discussions with the Government, and that was the requirement that buildings be brought up to an energy-efficient state consonant with the current band B designation. Ministers were unhappy with that, because they thought that it was a very expensive commitment and would be very difficult to achieve. I do not apologise for putting the band B requirement in the Bill. It is the standard that the Government have designated necessary for all new build, so it is not an absurdly high standard. It is what the Government hope will become the norm for private dwellings, in which case it should be the norm for people in fuel poverty. We should not short-change those people. However, I am happy to make a concession on this point if that will be helpful to the Government, because I do not want the best to be the enemy of the good. I have therefore written to the Minister to say that if she is so minded, I will accept an amendment in Committee to bring the band B requirement down to band C. It will still achieve most of my objectives, such as a step change in the way we address this issue, but it will reduce costs and some of the technical difficulties. It is much more important to achieve consensus on this issue, rather than confrontation, if at all possible.

**Janet Anderson** (Rossendale and Darwen) (Lab): How much will that compromise on band C cost, and where will the funding come from?

**Mr. Heath:** My compromise would save money, and the Government were concerned about the cost. According to the Fuel Poverty Advisory Group, there are 2.4 million households in fuel poverty in England. The change from a band B requirement to a band C requirement would slightly reduce the number of fuel poor from 82.9 per cent. to 76.8 per cent., but it would reduce the cost involved significantly from £24 billion to £12.9 billion. The average cost per fuel-poor household would fall from £9,890 to £5,290. If cost is the blockage, let us make that change. If we achieve band C across the piece we will have done much to take people out of fuel poverty.

**Stephen Pound** (Ealing, North) (Lab): Pursuant to the intervention by my hon. Friend the Member for Rossendale and Darwen (Janet Anderson), DECC officials calculate that the fall will be from £50 billion to £20 billion, rather than the figures that the hon. Gentleman has just given. Will he explain the origin of his figures and in so doing, perhaps he will address the point that my hon. Friend made?

**Mr. Heath:** I cannot give the House any provenance for the figures quoted by civil servants, because they do not accord with those given to me by the Fuel Poverty Advisory Group, which advises the Government—and has advised me—on this issue. It is difficult to reconcile those high figures with what I have been told. I have given the House figures that I believe to be reasonably accurate, and they are supported by experts in the field, including the Association for the Conservation of Energy, which estimates that raising two thirds of the properties concerned to band B would cost between £1,780 and £7,780 per property. The £4,780 figure per household is therefore reasonable. The hon. Gentleman has no way of crunching the figures, and nor do I, other than to take the advice of experts, and that is what I am doing.

**Mr. Hoyle:** People are concerned about where the money will come from. I think that we should have a windfall tax on the huge profits made by the energy companies. Is that an approach that the hon. Gentleman would consider?

**Mr. Heath:** That is part of our party's policy, but this is a permissive Bill. It would allow the Secretary of State to take a view on how its objectives would be best achieved. I do not want to force everybody into the framework of my party's policy. If there is a better approach, I will listen. It will be in the hands of the Government as to how to implement the Bill.

**Joan Ruddock:** DECC was sent a paper yesterday by the Association for the Conservation of Energy, which is a report that it has compiled with the Centre for Sustainable Energy, on modelling the refurbishment scenarios. It concludes that a retrofit programme to bring 83 per cent. of fuel-poor households to a standard assessment procedure—SAP 71—rating, which is band C, by 2016 would cost around £21 billion to £24 billion. I understand that those figures have been presented to the hon. Gentleman, but they are clearly at odds with the ones that he has just quoted.

**Mr. Heath:** If the Minister looks at the figures, I believe she will find that the percentages are slightly different in that respect and that we are perhaps dealing with a different total. As I just said, the 2006 estimate was that 2.4 million households in England were in fuel poverty. The higher estimate—4 million—was made after the end of 2006 and reflects the increase in fuel prices. Clearly, estimates drawn up in different ways result in different figures. I think that that is where the hon. Lady's confusion comes from.

**Joan Ruddock:** I assure the hon. Gentleman that I am not confused. His Bill suggests that the counting must begin in 2008. He is well aware that the 2008 estimate exceeds 3.5 million. I have no doubt that the paper I quoted is accurate when it states that the cost of reaching 87 per cent. of those people by 2016 would be between £21 billion and £24 billion.

**Mr. Heath:** The hon. Lady uses estimates which I accept are probably accurate. What she has not mentioned is the fact that, with the larger figure, the estimated average cost per household falls to £4,780. We could argue figures for the rest of the day, but the Minister is committed to dealing with fuel poverty, is she not? We are talking about figures and costs which she and I, if we both have our way, will have to make meet in some way. That is the crucial point.

**Mr. John Leech** (Manchester, Withington) (LD): Has my hon. Friend assessed what effect the compromise position, if it were adopted, would have on the number of jobs directly created? I understand that the Bill would create 35,000 jobs a year: is that based on the compromise position, or on reaching the band B standard?

**Mr. Heath:** The original estimate was based on reaching band B, but I do not think that there would be a huge difference in the number of jobs created if we went for band C. Many of the hard-to-reach homes will still need the most work to bring them up to the band B standard; it is a question of what exactly the retrofit involves.

I have spoken for some time now, so let me conclude by running through the clauses. Clause 1, "Purpose", is self-explanatory. Clause 2 makes clear the Secretary of State's duty to eradicate fuel poverty—the duty that the House, until a few months ago, believed it had already enacted. The clause also contains provisions on energy performance certificate measurements, on which I have made it plain that I am happy to compromise with the Government, if that would be helpful.

Clause 3 deals with the key element: the fuel poverty strategy. Under that clause, the Government must produce their plans within six months of the Bill's enactment. That is where I hope the Department's current work will come to fruition, so that an effective strategy is developed. The most important element—the most important difference from previous legislation on this subject—is subsection (3)(a), which refers to

"policies to promote energy efficiency measures and the use of microgeneration installations and locally supplied sustainable energy in existing buildings",

which refers to measures such as fuel pumps, which are not used enough at present and which have huge potential, particularly for harder-to-reach properties. I hope that the Government will take up such measures.

The fuel poverty annual report required under clause 4 is very much in line with what the Government are already doing, because of previous legislation. Clause 5 deals with changes to the number of properties involved and provides flexibility for the Government either to accelerate or to decelerate—I regard that as unlikely—the scheme to meet changing circumstances. Clause 6 acknowledges the fact that some properties are harder to treat than others. Let us be honest: some properties will not be brought up to standard even if the Bill is enacted, because some people simply will not be interested in treating their houses. Some people will never seek help or let anyone into their house, and we have to accept that.

Clause 7 is about prioritising, because one of the National Audit Office's concerns about the present scheme is that it is not well targeted and seems to miss many fuel-poor people. Clause 8 allows for revision of the fuel poverty strategy and clause 9 imposes a duty to consult, which is always important before the Government publish any measures. Clause 10 deals with social tariffs, but in the form of energy assistance packages. The packages will go slightly wider than simply providing a social tariff and will, I hope, as a result of Government action, impose obligations on the energy suppliers.

Clause 11 is a safeguard: if the energy performance certificate scheme is changed, we will not need new primary legislation to effect those changes in definition. Clause 12 is the money clause and clause 13, "Interpretation", sets out the definitions of the various terms used in the Bill. Clause 14 sets out the short title and the extent of the Bill's effect. Most of the Bill will not cover Scotland and Wales, but I hope that the Scottish Government and the Welsh Assembly will follow its lead.

What are the arguments against the Bill? I accept that there are potential arguments based on cost. In response, I argue that we cannot afford not to take these measures. The Government are already committed to incurring substantial costs and need to be committed to much greater expenditure if they are to meet their targets. The second argument is that the time is not right, because of the High Court ruling. I have disposed of that argument: I do not believe that the Bill seeks to overturn that ruling or that it cuts across the Government's current consultation. If the Government are going ahead, that is good news and is entirely compatible with the purposes of my Bill.

It seems to me that the Bill is urgent. There are always arguments why the time is not right, but, as my hon. Friend the Member for Chesterfield (Paul Holmes) said, we have been waiting for decades for action and good intentions are no longer enough. In addition, the measures in the Bill will create jobs at a time when it is necessary to make jobs, and will deal in part with the problems of climate change at a time when there is a desperate need to tackle climate change. Whether the Bill passes is a litmus test of how serious the Government are and of whether the Department of Energy and Climate Change is worthy of its name. Finally, the Bill is urgent because if we fail to take these measures, we fail the poor, the elderly and the disabled—we fail people who are living miserable existences, whom we can do something here and now to help.

The least satisfactory outcome of this morning's debate would be hon. Members deciding to use procedural rules to talk the Bill out. I would prefer it if the House voted on Second Reading and I lost that vote because the Government had decided to oppose the Bill. Many people outside will not understand if underhand tactics are used. The Bill is very important. I hope that it will at least reach Committee, where we can have all the discussions that the Government and others want and we can make it a better Bill—one that secures consensus.

10.49 am

**Frank Dobson** (Holborn and St. Pancras) (Lab): I congratulate the hon. Member for Somerton and Frome (Mr. Heath) on his good fortune in doing well in the ballot. I broadly support his Bill, because fuel poverty has dire effects on the health and the quality of life of the people who suffer from it. It is a curious irony that the badly-off, who live in badly insulated homes, are not only cold but pay energy companies more to be left cold than the well-off and well insulated pay to be kept warm. We therefore clearly need to address this problem.

Although I welcome the Bill—I am sure that other people will go through it in detail—I want to draw more attention to one of the reasons why there has been a rise in fuel poverty recently: the grotesque rise in the cost of fuel and power, and how the prices that are being charged to the fuel poor are stuffing the pockets of the fuel racketeers. The recent surge in oil prices—crude oil went up to $140 a barrel—did not reflect any shortage of oil. There was never any shortage of oil: the surge was entirely the result of speculation. A cargo of oil leaving one of the Gulf states would have been bought and sold a dozen times before it arrived at a refinery in Europe or north America, because the speculators were at work.

Even more unjustified is the surge in the price of natural gas. The price of natural gas, by what can only be described as a cartel subscribed to by most major Governments, as well as the producers, is tied automatically to the price of oil. There is no natural connection at all between the supply of natural gas and the supply of oil—just an agreed fix with the major producers and major-producer Governments that that is what will happen, so there was even less justification for the huge surge in the price of natural gas. I therefore believe very strongly that, among its myriad tasks when it meets, the G20 should, first, declare a determination to stamp out the activities of the fuel price speculators and racketeers.

**Lembit Öpik:** Is the right hon. Gentleman aware of another unintended by-product of the extraordinary fluctuation in oil and gas prices? For Wales, at least, the Government have not obtained fuel poverty figures since 2004, so the figures are five years out of date. The changes in price that the right hon. Gentleman is talking about mean that we have a hidden exacerbation of the very problem that the Bill is seeking to solve.

**Frank Dobson:** We all have to recognise, though, that that will leave the Government bound by any decision that we take and subject to something over which, at the moment, they have no control: the variation in fuel prices. If we are really going to deal with the problem of fuel poverty, we need worldwide to do something about fuel prices. Fuel poverty here causes some deaths; fuel poverty in the third world causes hundreds of thousands of deaths. Hundreds of thousands more people have died as a result of the surge in the oil price worldwide, and that is an international disgrace. Indeed, it is even more disgraceful, in that it is a product of what is, in effect, a cartel between the Governments and the oil producers.

Let us consider the apparently reputable oil companies, of which I cite two examples: BP and Shell. Whoever is right about the figures, be it the hon. Member for Somerton and Frome or my hon. Friend the Minister, BP and Shell's profits were so enormous in the last financial year that they are roughly equal to splitting the difference between the two estimates, and that is just in one year. So the cost of a programme that is intended over several years to deal with insulation in the whole of Britain is roughly equal to the outrageous profits of just BP and Shell in the last year for which figures are available. I sometimes feel that people lose a sense of the real scale of what is going on in the oil-producing industries.

The oil companies did not make these profits by producing more oil. In fact, sometimes they make more profit by producing less refined oil, because sometimes, that way they can bump up the price of refined oil. One of the biggest things that happened was a huge increase in the value of the oil companies' stock assets, and so they made these extra profits. When the oil price soars, so does the value of their oil. Everyone in this country knows that, to say the least, they have not been slow in putting up the price to the consumer. They never seem anything like so swift in working to reduce prices when the reductions come. When it is time for the reductions, they say, "Well, there is a time lag," but for some reason or other, when the oil price internationally goes up, there does not seem to be quite as big a time lag between that and the prices they charge to the consumer going up.

Of course, the same point applies to the gas and electricity companies, which were sold off by the Tories when they were public assets at roughly a third of their real value. So even people as stupid as those who ran the Royal Bank of Scotland, had they been investing in the gas and electricity utilities, could have run at a pretty steady profit.

**Mr. Heald:** Of course, the right hon. Gentleman is putting a case for the little guy. I invite him to comment on the irony that if any bank wants £25 billion, it gets it—"Here you go Lloyds, here you go RBS"; the people whom he has rightly been criticising for their mismanagement—but when it comes to doing up poor people's homes so that they have proper energy efficiency, we are told that that is unaffordable. What does he say to that?

**Frank Dobson:** I am saying that it would be affordable, and if we introduced a windfall tax just on Shell and BP, we could pay for it. However, no doubt some of the people contributing to the Tory party—be they bankers or those in the energy industries—would be very upset and would say to the Leader of the Opposition, "Don't do horrible things like that. That would be most unfair on our shareholders, and we might not be able to help in future." Such discussions, I understand, do go on.

**Mr. Hoyle:** Somebody ought to tell Sid how we got it wrong when we sold those utilities off, but that is another matter. Does my right hon. Friend not agree that the situation is absolutely absurd? In the summer, we will be exporting North sea gas to the continent, where it will be stored in their gas facilities to export it back to us in winter—our own gas—at a much higher price. Surely we should be ensuring that these energy companies invest in storage capacity in the UK in order to keep gas prices down. Does my right hon. Friend agree that that would be a good way forward?

**Frank Dobson:** I am sure that that is the case. I can remember being mocked by the people then sitting on the Government Benches when I was shadow Energy Secretary when I said that the policies being pursued—the dash for gas, as I formulated it—meant that we would eventually become dependent on gas supplies from such utterly reliable sources as the then Soviet Union or Algeria. Lo and behold, that is just about where we are getting to.

My hon. Friend has almost anticipated my next point. We were told that it was wholly improper for the energy companies to remain in public ownership here. I can remember people being told, "In future, Londoners will be able to own London electricity." Well, they do not, but it is nationalised. Electricité de France is a nationalised industry and is now supplying London with its electricity. It must be said that both the big German monopoly and the big French monopoly are charging higher prices here for the electricity that they supply than they are charging in either Germany or France, so there is further exploitation going on.

Until we get a grip on them, the energy industries are getting money for old rope at the expense of everybody, and they are forcing more people into fuel poverty

*[Frank Dobson]*

among those who are already badly off. So I support the Bill, but it is only half of what is needed. We need a concerted effort by our Government and other Governments in the world at this point, when there may be an opportunity to get them to see sense—

**Stephen Pound:** I am grateful to my right hon. Friend both for giving way and for sharing with the House some of the things that went on behind the scenes. Do I detect from his comments that he is a supporter of a civil nuclear power programme as a component of energy supply?

**Frank Dobson:** We have a civil nuclear power programme. The biggest problem with a further civil nuclear power programme, if it is proposed, is that it will cost about 10 times as much as people say it will, and it will take 10 times as long to build. I give as an example Dungeness B nuclear power station which, 35 years later, may eventually produce the amount of electricity that it was supposed to produce, but it has not done so yet. I am not fundamentally opposed to nuclear power, but the idea that it will be either cheap or quick is crackers.

**Albert Owen:** I did not intend to speak about nuclear power, because I have done so on many occasions. I fully support it and do not accept the scenario envisaged in the energy and planning legislation. We will get security of supply from nuclear, which will benefit this country. My right hon. Friend is making an important point about the coupling of gas to oil prices. Is he suggesting that the regulator should have more teeth, or that direct international Government intervention is needed to decouple the prices of those two fuels?

**Frank Dobson:** Only international intervention would decouple the relationship. Up to now, it seems to have suited the consumer countries and the producer countries to go along with the private sector in agreeing to a totally absurd arrangement. The biggest problem was probably the United States, which is usually seen as a consumer of oil and gas, but it is also a major producer, and it is somewhat ambivalent in these matters, to say the least. The previous presidential regime was, in effect, the political wing of the oil and gas industry so no common sense was likely to come about. It would be very difficult for an individual country to break the link. As with so many things these days, we need some sort of international agreement.

In short, I broadly support the Bill. There may be defects in the drafting, but every Bill that has ever been brought before the House has had something wrong with the drafting, including those that I introduced. We must accept that, and there should be no crowing by anybody about a few defects in the drafting of a private Member's Bill. That is and always has been the case with all Government Bills as well. That is why we have Committee and Report stages and why the House of Lords gets a look at Bills. However, the proposals that we are discussing will not work unless we get a grip on the price that people have to pay for their fuel and power, and we are a long way short of doing that.

11.4 am

**Mr. Geoffrey Cox** (Torridge and West Devon) (Con): I congratulate the hon. Member for Somerton and Frome (Mr. Heath) on introducing the Bill and support its general tenor.

I shall make a few succinct points, which I hope the Minister will take into account. I have the honour to sit on the Environment, Food and Rural Affairs Committee which, as she knows, is concluding its inquiry on fuel poverty. We have heard evidence, both written and oral, from a wide range of sources. My plea to the Minister and my hope for the Bill is that it will inculcate and engender a greater sense of coherence and focus in the various and often laudable measures being taken by the Government to combat fuel poverty.

I am aware that in the Chamber today there may be a disproportionate number, at least among those who originally attended the debate, from rural constituencies, and I am one of that number. Representing a rural area, one cannot fail to become conscious of the great amount of the housing stock that does not fulfil any reasonable specification for energy efficiency. That, as other Members have commented, is because the houses are often old and rubble-built, with solid walls, and are often in remote and isolated places.

In representing my constituency, it has occasionally been my sadness to come across some extreme cases of fuel poverty, in which I have done my best, as any constituency MP would do, to resolve them. As the Minister knows, the main instrument of the Government's targeting of those who are fuel poor is the excellent Warm Front initiative. She knows what I am about to say because she has heard it before while she appeared before the Select Committee. I do not know what is happening in urban areas, but there is a serious flaw in the Warm Front initiative, at least in relation to a proportion of those who take up the scheme.

In 2007-08 some 20,400 households, although they had advanced towards taking up the scheme, did not in the end take it up. More than 6,000 households withdrew from it, and nearly 15,000 households did not progress it. In its report last month, as the hon. Lady knows, the National Audit Office commented on those 20,000 households. It is important to compare that with the fact that 129,000 households did take up the scheme in 2007-08, but 20,000 households is a worrying proportion, as I hope she will agree. The National Audit Office suggested that among those households must be a sizeable proportion that did not take it up because of the top-up payments that the grant still requires.

The top-up payments seem to be disproportionately impacting people in rural areas largely because, if I may hazard a guess, people in rural areas are separated from the gas main and therefore have to install oil boilers. There is no doubt, and again the NAO commented on this subject, that when oil-fired heating is installed, easy is at the higher end of the scale—that is, the least competitive end of the scale—for the installation of that kind of equipment. So in the rural part of Devonshire that I represent, Torridge and West Devon, people come from great distances to install the equipment, the equipment itself is at the higher end of the scale of competitive price for easy, and households have to stump up large top-ups.

Mrs. Yvonne Smallden in Buckland Brewer has waited longer than two years simply to be able to take a shower in her house in that village. She would visit her sister several miles away. She has shivered in the cold and sometimes in anxiety and fear at the prospect of another winter. Because a number of charities rallied round, including Torridge council, to help her with the top-up, she has, I am glad to say, been able to install her oil boiler. She is now able to run hot water, have a bath and feel warm in her home. That has been achieved only because of the charitable help and the extraordinary efforts of many people to scramble round and raise that top-up. Before those people could manage that, Mrs. Smallden waited two and a half years in those uncivilised and primitive conditions.

**Joan Ruddock:** It might be useful for me to respond at this point to the questions raised by the hon. and learned Gentleman. He is absolutely right: where people being connected are off the gas grid, a disproportionate level of top-up payments has been required. We are looking at that issue seriously; in fact, we are looking right across the piece.

It would be simple to raise the grant maxima so that we could reduce the top-up payments required by people wanting the treatments. However, before that decision is made—and it is under active consideration—we are determined to make sure that we are getting the best value for money from the existing contract, as the hon. and learned Gentleman would want. We want to see the thing in the round, and that is why there has been no urgent announcement on raising the grant maxima. However, I take seriously what the hon. and learned Gentleman said about his constituent. I am delighted that she now has what she needs, and I am only sorry that it took all this time.

**Mr. Cox:** I am grateful to the Minister for those assurances, but many voices have been warning the Government for a number of years about how a worryingly large percentage of people in a specific category are being denied access to this generally successful and laudable scheme. I am pleased that the Government are taking the issue forward, but I am going to make a number of other constructive criticisms of the fragmented approach taken towards the relief of fuel poverty.

I support the Bill because I hope that it will engender a clarity and coherence that we do not yet see in how the Government are taking forward their policy. I shall leave the Warm Front scheme, because the Minister has got the point: there is no doubt that the scheme has a flaw, and Members on both sides of the House have commented on it. I urge the Minister to allow the Bill to go through because it might considerably focus and sharpen attention across the House on that important problem.

Let me give the Minister another example of why I say to her that the root-and-branch review is so badly needed and that we have waited for coherence for far too long. Let us take winter fuel payments; I expect that the Minister also knows what I am going to say about them. Last year, winter fuel payments cost the Government £2.7 billion, yet only 12 per cent. of those to whom the payments were made were in fuel poverty. Why on earth should I, or any relatively affluent Member of the House—who had reached the requisite other qualification, I hasten to add—enjoy the benefit of a winter fuel payment? I am thinking particularly of people on higher-rate tax bands. It makes no sense. One thing that the Government could do quickly—and I urge them to do it—would be to remove winter fuel payments from those on higher tax bands. There would be no injustice in that, and it would free up about £250 million a year. That money could be applied to the very causes that the hon. Member for Somerton and Frome is bringing his Bill forward to promote.

**Stephen Pound:** The hon. and learned Gentleman is slightly widening the scope of the debate, but in an interesting way. Does he feel that means-testing should be applied to child benefit, for example? Is he espousing a universal principle?

**Mr. Cox:** I will be entirely frank. Yes, I would consider the removal of child benefit from those in the higher tax band. The measure would be simple; it seems to me that those on the higher tax band could do without child benefit. I say frankly to the hon. Gentleman that I—and I know others who feel the same—have felt embarrassed by the issue on occasions. I have had three children, for each of whom we received child benefit. As all Members are likely to be, I am in a state of relative affluence, and on occasions I felt embarrassed at receiving the payment. The approach could be widened, but let us concentrate on fuel poverty. We are considering how we target help better at those in fuel poverty, which is a serious problem, as I know the hon. Gentleman understands. Help, although a limited amount, could be given by targeting the winter fuel payment better.

Let us turn to the issue of cold weather payments, which are triggered when there have been five successive days at 0° C. As the Minister knows, because I have raised the issue with her before, the cold weather payment is not well targeted because it is measured from some bizarre stations. The problem particularly affects rural areas. For example, people in Princetown, a relatively deprived area in the high moorland of Dartmoor, do not get cold weather payments, even though they may have shivered at below 0° C for weeks. Why is that? It is because the temperature applied is measured in the centre of Plymouth, some 25 miles away, and the temperature in Plymouth is usually 3 or 4° C higher than in Princetown. That applies across rural areas, and not only in my constituency. There should be ways in which the Government can look more flexibly at the issue, so that the cold weather payments actually go to those who are so badly in need of them.

These may seem to be relatively minor criticisms, but I hope that they are constructive. I respectfully suggest to the Minister that cumulatively they demonstrate a sense of incoherence. That is why I urge the Government to allow passage to the Bill, which puts forward some worthy objectives and should be generally supported.

I shall now conclude, because I do not want to provide any further excuse for the Bill's not passing through today. I make one other plea. It is that, as the hon. Member for Somerton and Frome said, in the consideration of energy efficiency we must not lose sight of the value of microgeneration. In certain of the more remote rural areas, microgeneration offers the prospect of alleviating fuel poverty and it should be included in any policy that the Government develop. For all those reasons, I support this important Bill.

11.17 am

**Fiona Mactaggart** (Slough) (Lab): I must apologise to the House; Herschel grammar school in my constituency is receiving an award later today, so I will not be able to remain for the whole debate.

I welcome the Bill, which is a sensible general approach through which we can win on a number of fronts. First, it will address poverty and how it is increased by fuel bills; secondly, it will contribute towards addressing issues of climate change; and thirdly, it will create employment in this credit crunch.

I wish to focus on the poverty aspect of the debate; that is what I know about and understand. I welcome any strategy to tackle poverty, and fuel is an important part of any poor household's budget. It is estimated that more than 5 million households are in fuel poverty, more than half of which are made up of pensioners. When the Government first introduced the winter fuel allowance—a hugely popular, important strategy—the £200 covered more than a third of the average fuel bill. Now it covers less than a fifth of most people's fuel bills. Therefore, although it still makes a real difference, it does not make as much as it did.

It is striking that, given the level of fuel bills at present, the average standing credit energy bill takes up almost a fifth of the income of a single pensioner receiving pension credit, despite the one-off increases to the winter fuel payment this year. Citizens Advice tells me that in 2008, 43 per cent. of its debt clients were in fuel poverty. I raised the issue in a debate on child poverty in Westminster Hall not long ago, because I am concerned about the fact that the poorest households pay a premium. I noticed that the Bill's promoter, the hon. Member for Somerton and Frome (Mr. Heath), rather pooh-poohed a proposal that I have made consistently on prepayment meters. He pointed out that some people on prepayment meters—I believe it is a minority—lived in yuppie flats in London. If I am summarising unfairly I am sure he will intervene.

**Mr. Heath:** I should hate the hon. Lady to think that I pooh-poohed her suggestion. I did not. A lot of people are at a disadvantage because of the premium on prepayment meters. I was simply pointing out that there is no easy way of identifying those who have prepayment meters who are also in fuel poverty. The two are not identical. One is a subset of the other but not a perfect identity.

**Fiona Mactaggart:** They are not identical, but there is a relatively easy fix and we should take it. That situation is a classic example of the poverty premium. I am furious about the fact that my poorest constituents are likely to pay three times as much for a washing machine as me, simply because of the way in which they have to get credit. I am furious about the fact that my constituents who are forced on to prepayment meters because of past debts pay more than I do for fuel. Indeed, some of them are further pushed into debt by fuel companies because the companies do not recalibrate the meters in time. I welcome the fact that Ofgem has taken action on that, but it has not taken action on the fundamental pricing issue.

The poorest people sometimes want a prepayment meter. As a client of Barnardo's—a young mother in Wales—rather tellingly pointed out:

> "I had the token meter put in because it's easier and you know where you are. The only way to get a meter is to get in debt with the suppliers—otherwise you pay £80."

People in debt, who find it hardest to pay, are overwhelmingly on prepayment meters. Not long ago, the charity National Energy Action produced figures showing that the number of prepayment meters installed in households by energy companies to recover debt has increased by 19 per cent. for electricity and by 6 per cent. for gas in the past year. According to Transact, which is a consortium of debt advice agencies, housing associations and credit unions, prepayment customers are charged on average £215—£215: let us compare that to the winter fuel payment—more for their energy than people paying by direct debit, as I do.

The problem is fixable now. It would not be hard for Ofgem to require all energy suppliers to set the prepayment meter tariff at their lowest tariff. I do not say what the tariff should be, but it should be the same as the supplier's lowest tariff. It would cost them. One way they could recover the cost might be by creating new charging mechanisms for people who want to install prepayment meters in flats. Ofgem might be able to negotiate such a scheme with landlords who want to organise their flats in that way. In a country led by a Government who are committed to eradicating poverty and who have made real progress on child poverty, even though we are not likely to meet our target, I seriously think we should take that simple straightforward step to eliminate fuel poverty right now before the Bill comes in—if it is ever passed.

Secondly, I want to look at targets. As we know, the High Court has decided on duties and so on, but I am quite anxious about the way that we create for Governments legally binding duties that do not legally bind. I am concerned that the Bill might be following a tradition that I am quite prepared to say my Government are to some extent responsible for starting; it is good for Governments to do such things but they do not seem to be effective in reality. We need to address that issue, because if we set ourselves legally binding targets that turn out not to be legally binding, and if we create ambitions for Government with no mechanism to hold them properly to account—in the words of my hon. Friend the Member for Hendon (Mr. Dismore), to be properly justiciable—politics comes into disrepute. We are not really doing what it says on the tin. That is a potential risk in the structure of the Bill, and we should avoid it. As the Bill progresses, I should be interested in discussing more carefully how one can put legally binding duties on Governments and bring them into effect.

I want briefly to make a couple of other points. Like the hon. and learned Member for Torridge and West Devon (Mr. Cox), I am concerned about extreme cold weather payments, not because in Slough, which is a jolly small and rather condensed place, we have the problem he described of the temperature in one place being rather different from the temperature in the place where the measurement is made, but because of the attitude taken sometimes by the Pension Service.

One of my constituents told me that he believed that someone down the road had received a cold weather payment while he had not. My assistant phoned the Pension Service, which assured him in terms, "No, Slough hasn't qualified this year." I thought that that was extremely unlikely, as I told my constituent, and it turned out that Slough had qualified on three occasions. My suspicion is that a civil servant at the Pension

Service simply could not be bothered to check properly. I might be wrong—I might have slipped—but the question is how much we care. Given the importance of that payment for so many of the families whom we are talking about, we really need to make sure that those responsible for administering it deliver the policy properly, as I know the Minister understands.

Finally, I want to praise Slough council for having a "photograph" that measures the energy emissions from every property in my constituency. We can go online and see how much of the air above our homes we are heating. In the middle of Slough, there is a combined heat and power station that shows up scarlet, because like any power station it inevitably emits huge amounts of energy, but it is possible to see the difference between houses in a road that have a high quality of insulation and those that do not. I have been able to use the site for people who say, "Oh, I don't want eaga to come mess with me." I can show them that the people next door are heating less of the air above their home, so I say, "Go for it; eaga will help", even though they say, "But I won't have any hot water for a day and a half." The site can help to encourage people to take the steps that are available. We can also make sure that the rest of us, who are not facing fuel poverty, realise how energy-efficient our homes are. That kind of information is powerful in the hands of the consumer, and consumers can use it to insulate their homes, if they can afford to do so.

The strategy for reducing fuel poverty requires a number of different bits of action; I think that all of us accept that. The Bill emphasises work on homes, but before we get a complex fuel strategy, the first thing that we should do—I urge the Department of Energy and Climate Change to do this—is make sure that the regulator ensures that people on prepayment meters do not pay a premium for the terrible service that they receive, because that is very oppressive for them.

11.30 am

**Mr. Lindsay Hoyle** (Chorley) (Lab): I welcome this important Fuel Poverty Bill. The Government have difficulties with the issue, but this is about their committing themselves to overcoming those difficulties. Of course, it is easy to say, "Let's kill the Bill off on a Friday", but that is not the way forward. If there are issues or problems, let us deal with them in the proper place—in Committee. I therefore welcome this important private Member's Bill promoted by the hon. Member for Somerton and Frome (Mr. Heath).

The subject is dear to me and to Members right across the House, regardless of the political divide. We all have one aim, which is to help our constituents, including those in fuel poverty. That is why I was pleased when the *Sunday People* ran its crucial campaign highlighting the real issues of fuel poverty. Of course, as my hon. Friend the Member for Slough (Fiona Mactaggart) said, one issue is prepaid meters, and the fact that the people who buy prepayment cards are subsidising the rest of us and the energy that we use. Usually, people who are upwardly mobile, most able and wealthiest get the cheapest fuel. It is absolutely absurd that we penalise the poorest in the country. That is what we have allowed the energy companies to do.

We all have constituents whom we want to talk about. We can all mention cases. I want to talk about E.ON. A constituent of mine struggles to pay their energy bills but does not want a prepayment card, because they know the consequences. First, it will ensure that their energy costs more and, secondly, the cards always run out at the wrong time. People say, "They don't run out in the middle of the night; don't worry." Yes, but next morning, at 8 o'clock, when people are trying to get the kids ready for school, and want a shower or whatever, there is no heating and no lighting. It is not a good way to operate. We are talking about people who struggle, but ensure that they always pay their standing order to E.ON. However, E.ON suddenly put another £100 a month on my constituent's standing order without telling them. It was absolutely absurd; somebody who struggles to make sure that they pay their energy bills suddenly found that an extra £100 had gone. What happens then? Are the kids to go without their meals, or without the new clothes or the new pair of shoes that they need? That is the consequence of E.ON's action.

E.ON should have said, "Look, the price of energy has gone up; you may need to consider that. How can we help you?" It does not do that, but it and other energy companies need to do that. They now need to act responsibly, and the Bill will ensure that we can make those companies do so. That is what is wrong with the prepayment cards.

We have rightly touched on storage. The energy companies have failed to create storage capacity in the UK. They have been allowed to find an artificial way of increasing prices in winter, and of creating price spikes due to demand for gas. They have happily been allowing Europe to store it. France and Germany have huge storage capacity, so they buy up our cheap gas in summer, and later export it back to us at a much higher price. That ensures that the energy companies, usually continental, make even more money. We have to deal with excessive profits and immoral wages. That is why I am more than happy for there to be a windfall tax.

**Mr. Cox:** The hon. Gentleman is making a very good speech. Does he feel, as I do, that there is something anomalous in requiring energy companies to make huge investment in meeting the carbon emissions reduction target, when the cost of that investment is transferred to the customer? That increases the customer's fuel bill by £38 a year. Does he think that that is the way forward, although it further tops up the expensive energy bills of often poor consumers, or does he think that we should do things differently?

**Mr. Hoyle:** I believe that we have to get prices down for consumers. The price of energy needs to drop. I am concerned about fuel poverty, and the constituents whom I represent, but I am also concerned about business, which cannot afford energy prices either. Prices have gone through the roof, and there is no justification for it; prices should have dropped for everyone.

We have touched on properties, which are part of the issue. Properties need investment in measures such as double glazing and insulation. We have mentioned all the ways in which we believe that we can help people. The problem is that we have already done that work, in a lot of cases. On social housing estates, council properties

*[Mr. Hoyle]*

and former council properties, councils have rightly taken advantage of all the grants available, and have put in double glazing and insulation, and installed modern boilers. The truth is, however, that people cannot afford to put on the boiler. After all that work has been done, they still cannot afford their energy bills. That is the real problem, and it is a dilemma. We have to look at that seriously, and we must seriously do something about it. The cost of energy is the problem.

The Government had an excellent track record on dealing with fuel poverty. We were on target, and were working very hard to reach that target, but two things happened. First, prices went through the roof, and that put many more people into fuel poverty. Secondly, as unemployment rises, more people are put into fuel poverty. That is why we have a dilemma. How do we deal with it? The long-term view taken is, quite rightly, that we must bring properties up to the right standard, to ensure that we can make it cheaper for people to access energy. However, the quick fix is to reduce the price of energy; that is what we really need to do.

Companies do not wish to reduce their prices, but we have a responsibility, and we have to take a hard line with them. Voluntary agreements are wonderful, but they do not quite work. I would say, "Get your act together, and get prices down quickly, especially for electricity, or we will do the one thing that you don't want us to do: set up a windfall tax." I believe that that is a way forward. There has to be use of the stick. We have tried the carrot; that does not seem to work.

People have rightly mentioned eaga. We all have horror stories to tell about eaga. In Lancashire, we had a good track record, but all of a sudden, we seem to have more and more problems with, and complaints about, eaga. It is a question of degree.

**Janet Anderson:** My hon. Friend refers to a matter of concern to all of us in Lancashire. I would like to put on record our thanks to the Under-Secretary of State for Energy and Climate Change, my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock), for agreeing to look at the issue. One of our particular concerns—I should be interested to know whether colleagues have had similar problems—is the number of cases in which people are being told that the maximum grant is not sufficient to cover the work that they need done. I had a case recently in which an elderly woman had to pay an extra £600 to get the work that she needed done to her home.

**Mr. Hoyle:** I totally agree with that, and with the point that my hon. Friend makes about the Minister. We want to express our real concerns about prices.

**Mr. Dismore:** I want to make a similar point to that made by my hon. Friend the Member for Rossendale and Darwen (Janet Anderson). The problem is particularly acute in London, where prices are, inevitably, higher across the board. Constituents have written to me saying, "We can't afford the top-up," so the work does not get done. I have recently heard an increasing number of complaints about the poor quality of the work done by eaga or its agents. We need to start looking into the contract. There is effectively a monopoly in place; we need to ask whether that is the right way to take forward the Warm Homes initiative.

**Mr. Hoyle:** I absolutely agree with my hon. Friend, and my hon. Friend the Member for Rossendale and Darwen (Janet Anderson). Something does not look quite right; something is beginning to smell fishy about the way in which eaga operates. What causes me concern is that eaga says, "Don't worry; we tender, and we set out a price." That all sounds very good, but what it does not say is that when it originally tendered that price, it was up against other companies. It seems strange that when my constituents get the work done—we are basically talking about one radiator and one boiler—they suddenly face a top-up bill of over £1,000. Nobody can understand why. There have been more and more top-ups, so the original price is different from the price that is being charged to the customer.

The fact that eaga gives the work to its own company, Iguana, also leads me to question what is really going on in the system. The company seemed to be a co-operative when it first came about, and now it is on the stock exchange. Who is it working for? I would say that it is working for the shareholders and the directors. Suddenly, those people have come from the energy companies that are causing the problems. They see the process as a gravy train, so they are ripping off not only our constituents, but the Government. That is why there is real concern, and we need to get in there and find out why there are all these complaints, why all these prices are going up so much and why there are so many rip-offs.

I find it absurd, because more often than not when people from the company come to check a boiler when someone has applied for a grant, that boiler is suddenly condemned. I might be doing those people an injustice and I believe that we should put safety first, but when that boiler has a nice gas fire on the front of it, in order to ensure that our constituents have to do something about it, they condemn the boiler, switch off the gas and even take the front off the gas fire and take it away. They have no right to do that, but the constituent is left with two options. If they want heating and hot water, they have to have the grant—or to top it up, because that is where the usual charge comes. That is the only way in which they can get the heating back on. They cannot do anything else. What right do those people have to leave behind the pots of a gas fire and a boiler? They do not take it out, renovate it or repair it. This is about the lack of quality of workmanship. If the gas fire front was left on, at least that would be something nice to look at. This is about the way that the company treats people because it has that monopoly. It thinks that it can treat our constituents any way it wants, but it cannot. We need to stand up to it.

**Mr. Dismore:** Does my hon. Friend agree that one possible solution would be to allow our constituents, should they be given a quote by eaga that goes beyond the grant, to get an alternative quote from a local plumber or a heating engineer—properly qualified, of course? If that quote is less, they could ask that person to do the work and that person could be reimbursed under the scheme. That seems to me to be a good way of introducing some proper competition into the system.

**Mr. Deputy Speaker (Sir Michael Lord):** Order. I am hesitant to interrupt these remarks, because they are broadly speaking within the context of the Bill, but I think that we ought perhaps to remind ourselves that we are talking about a specific measure.

**Mr. Hoyle:** Thank you, Mr. Deputy Speaker, for those guidelines.

The two issues are interrelated: fuel poverty and people's ability to afford their energy bills mean that they need new boilers, and that is part of what has been hit. The fact is that we are putting those people into fuel poverty because they cannot afford the top-up and cannot replace the boiler. Someone who goes to the local CORGI-registered firm for an installation can pay half the price—or certainly a lot less—but people are not allowed to use those local firms because the contract has been given to eaga. That is why it needs to be looked at and why there ought to be flexibility in the system. Another problem is that people who are in fuel poverty end up replacing the boiler and are then sold insurance. Somehow, we need to look at this situation, because it is adding to the problems of fuel poverty.

I believe that the Bill is important. I wish it well in its progress, and I hope that in Committee we can reflect on the issues between the Government and the hon. Member for Somerton and Frome. That is where those issues can be overcome. We all want to do the best by our constituents, and that is why this Bill needs to go through to Committee so that we can overcome those issues. I know that the Ministers have sympathy with the aims of the Bill; they should let that sympathy work in Committee rather than block the Bill now. I see no reason for blocking the Bill.

11.44 am

**Stephen Pound** (Ealing, North) (Lab): As always, it is an honour to follow my hon. Friend the Member for Chorley (Mr. Hoyle). Normally when he speaks, metaphorical thunder and lightening echo around him, but I think I heard a roll of real thunder while he was speaking. I sincerely trust that it was not the aftershock from the underwater Tongan volcano. Knowing my hon. Friend as I do, nothing is impossible. I slightly demur from some of his comments about the eaga partnership. In my constituency, we have had a first-class service from the eaga partnership. Perhaps we are just fortunate; perhaps we are just Ealing—I do not know—but I have always found that its customer satisfaction levels have been high. There have been problems with some subcontractors, but overall eaga has been found to be extremely effective.

That brings us to the business of the day, which is the private Member's Bill tabled by the hon. Member for Somerset and Frome. May I congratulate him while attempting to pronounce Frome correctly? A look of pain always fizzes across his face when I mispronounce it. [Hon. Members: "It is Somerton."] Apparently, I have erred not once, but twice. It is not just mea culpa, but mea maxima culpa. I have mispronounced Somerton. Most of us of my generation associate Frome only with Colin Dredge, the late demon of Frome. I have to say that I think that the hon. Member for Somerton and Frome (Mr. Heath) is more decent and diligent than demonic. By way of tribute, if not of recognition, I shall try to pronounce the name of his constituency correctly. Those of us from places such as Ealing have no such problem; there is only one way to pronounce it.

The hon. Gentleman has done a massively valuable service to the House and the nation in promoting this Bill today. Whatever happens in the debate about fuel poverty in the future, the debate has been changed. It will be a different debate and that is in no small part due to his work. At the beginning of the debate, he said that he had been "religiously" applying every year for a private Member's Bill. The thought of him on his knees praying in the Lobby is not one that immediately springs to mind, but many of us will pray that other Members who bring such Bills before the House do as much work and carry out as much due diligence beforehand. It is extremely helpful.

**Frank Dobson:** Perhaps you could buy indulgences.

**Stephen Pound:** The Roman Catholic Church does not sell indulgences any more. However, I am always prepared to consider offers.

The hon. Member for Somerton and Frome has raised a vital subject. At the outset, I hope that he will accept—as would everybody—that no Government in the history of this nation have ever done more to combat fuel poverty than this Government. It is interesting to note that none of us disagrees with the main thrust of the Bill. Nobody is speaking up for fuel poverty, except perhaps for a few megalomaniac oligarchs somewhere in the outer reaches of the energy supply chain. We are all united. We simply slightly diverge on how best to achieve those ends.

As a graduate of the London School of Economics, I am always reluctant to use statistics, but the single most chilling statistic—"chilling" is an appropriate word—that one could come across can be found in the official Library figures for the estimated number of households in fuel poverty in the UK. The figure plunged from 6.5 million in 1996 to 2 million in 2003 and 2004 and then started to rise again to 3.5 million in 2006. The reason for that was simple. Energy prices are the main driver of fuel poverty and we know that domestic prices for fuel fell by 17 per cent. in real terms between 1996 and 2003, but increased by 39 per cent. between 2003 and 2006. So, whatever we achieve with the Bill, and whatever the Government's policies work towards, there will always be the issue—the elephant in the rather chilly room—of fuel costs. They have already been mentioned, and we have to consider them.

My right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson) takes a rather robust view of energy suppliers; I think it involves a measure of capital punishment. I cannot always disagree with him, although other people have suggested introducing windfall taxes. Whatever we do, we will have to consider the issue.

Let us look at what we can do and what we have done, and at how the hon. Gentleman's Bill can help. Anyone who opposed the Bill would be in the same position as someone who had been photographed kicking a puppy. It is honestly meant, and it is here to help. Everyone is in favour of it; the question is merely how best we can achieve the aim. I do not wish to go into the costs involved, because I think that that subject will be ventilated elsewhere. We have discussed whether the

*[Stephen Pound]*

figures involved related to the base figures, and we could discuss that for a long time. I think that there is an element of the Bill that remains uncosted.

The hon. Gentleman was quite right to say that the Bill was aspirational, as well as a permissive. It is extremely important that he pointed that out. When he won his place in the ballot, I was surprised that he chose this subject for his Bill. He is known for his interest in constitutional matters of great moment. However, when the House heard him speak today about the reality of fuel poverty, we recognised the passion that flows through his veins and understood why he had chosen to promote this issue.

**Mr. Dismore:** The hon. Member for Somerton and Frome (Mr. Heath) calls the Bill aspirational and permissive, and I do not think that anyone would object if that were the case. The real problem is that it is not only aspirational and permissive; it is also mandatory. That is the issue that I tried to explore in an earlier intervention. The real difficulty would be that these measures would effectively have to take priority over all the Government's other priorities, without taking into account all the other things that the Government have to do.

**Stephen Pound:** I am grateful to my hon. Friend for his intervention; he normally charges for his wise words on a fairly expensive scale. On this occasion, he has raised an important point that I was going to mention later.

What would happen if a Government target were not met? Would the Government have to resign? What would the sanction be? Would the chief executive be dismissed? Heaven fore fend! I think that the hon. Member for Somerton and Frome recognises that this is an issue. Targets are now—sadly, some would say—part of our culture and everyday life. They have a useful role in benchmarking.

**Mr. Dismore:** The answer to my hon. Friend's question is that, if the Government were not fulfilling their duty under the Bill, they would be taken to court. That has been attempted before, but under the Bill, it could be done successfully. If, for whatever reason, they were still unable to comply with the provisions, I suppose that, ultimately, the Secretary of State could be found guilty of contempt of court and locked up.

**Stephen Pound:** The thought of the Secretary of State being banged up might appeal to some Members, although it does not necessarily recommend itself to me. I realise that my right hon. Friend the Member for Holborn and St. Pancras would consider it far too moderate a sanction.

**Frank Dobson:** As someone who is in favour of getting votes in his constituency, I must rush to point out that I would not like to see the Secretary of State for the Environment, or whatever the post is called these days, banged up, because he is one of my constituents and I assume that he usually votes for me.

**Stephen Pound:** I am sure that it is unnecessary to point out that, even if that sad eventuality were to come about, the Secretary of State could still vote.

**Mr. Dismore:** No, he could not.

**Stephen Pound:** A voice, as if from the ether, tells me that he could not.

**Mr. Dismore:** In fact, if he were banged up, he ought to be able to vote, because of the case of Hirst v. the United Kingdom in the European Court of Human Rights, but the Government have yet to implement the requirements of the Court in this respect.

**Stephen Pound:** Everybody in the House knew that.

**Mr. Deputy Speaker:** Order. I think that we are now straying a little way away from the Bill.

**Stephen Pound:** This was a matter of such common moment that it was hardly necessary even to refer to it.

**Frank Dobson:** Would the Secretary of State be banged up in a well-insulated cell?

**Stephen Pound:** We heard earlier that the temperature in Dartmoor was rather chilly. I hope that the windows would have not only bars but double glazing.

In one of the many passages of great passion in the speech of the hon. Member for Somerton and Frome, he referred to the contrast between the Scandinavian countries and ours in relation to heat poverty. However, only some northern European and Baltic countries meet the standard to which he referred. The fact that they do so is a result of more than 100 years of building regulations and, in the case of Sweden, at least 100 years of building regulations and practices that include the use of extremely sound insulation. The situation in some of the Baltic countries that do not meet those standards—I will not even mention Kaliningrad—is quite the opposite, however. I refer to countries where great chunks of mastic are missing from the joints of building systems and constructions and where the gas fires and paraffin heaters can be seen pumping heat out into the air. There is a genuine issue there of building construction, to which I hope to return in a few moments.

As we know, the Government have spent more than £20 billion on fuel policies and programmes since 2000, and one of the most important is the winter fuel programme, which entered into our earlier discussion. I understand that winter fuel payments are contentious in one way: some people say that if winter fuel payments are increased, it simply increases the ability of the suppliers to ramp up the prices because they know they will be met. I shall not refer more than once to what I consider an extremely unfortunate statement from the Liberal Democrat Front-Bench team that the winter fuel payment was

"a gimmick of a policy, and we should look at how much it is costing in bureaucracy."—[*Official Report*, 18 January 1999; Vol. 323, c. 648.]

I hope that the Liberal Democrats have resiled from that position and recognised that the winter fuel payment is not a gimmick; it is in many cases a lifesaver. More than 12 million people were kept warm last year by winter fuel payments. I entirely understand that some people who may be swimming in cash are actually receiving them, but the fact remains that an enormous number of people are heating their homes with the aid of the winter fuel payment.

What sort of homes are they heating? For many years, I was a housing officer in Camden, where I received constant communication from the MP representing that area. One of the points that he made, which I then had to deal with, was that even if people had completely adequate heating, they might not use it properly or they might not allow for an element of ventilation or they might use clothes dryers in the kitchen, pumping water into the building, resulting in damp, condensation and ultimately a dangerously cold place in which to live. That is a significant element of the problem.

Energy suppliers have also been mentioned. Negotiating with energy suppliers cannot be the easiest job in the world, but let us at least give the Government some credit for the fact that they have actually negotiated 800,000 social tariffs for individual customers. That means 800,000 people—double the number since March 2008—have had a social tariff negotiated on their behalf with the energy suppliers. These are voluntary agreements with the energy companies. I have a great deal of sympathy, as in all matters, with my hon. Friend the Member for Chorley, and there is something wonderfully simplistic about the idea of a windfall tax—it worked in 1997, and we saw the benefits of it. I think that everyone would agree, however, that if we could have a voluntary system backed up with the threat of a windfall tax, it would be extremely positive. I agree that the idea of forcing the energy suppliers without some form of sanction is a bit too hopeful, and I would not propose it.

Let us move on to the decent homes programme. Like every single MP, I have seen the advantages stemming from it. The programme addresses one of the core problems—the condition of our housing stock. Given that our country is relatively old as we had the industrial revolution before anyone else and we had larger cities before most other countries, we suffer from a residue of older housing—badly built, too close together, inadequately ventilated and with an absence of all the facilities we would now expect. The decent homes programme may not be able to create garden cities all over the place from Somerset to Ealing, but it does provide the basic underpinning of a modern home by providing a degree of insulation and energy efficiency. Again, I believe that the Government should be given some credit for introducing it. In addition, the carbon emissions reduction target allows households to access free or discounted insulation and other energy-efficient measures, and 40 per cent. of CERT money is specifically targeted at low-income households.

The hon. Member for Somerton and Frome is also well aware of the community energy saving programme, which by this autumn will have provided whole-house treatment to more than 90,000 households. The Warm Front scheme has assisted some 2 million households in England. We assisted 270,000 last year.

The point that I am trying to make is that, although no one could possibly disagree with the hon. Gentleman's intentions, we are already doing the very things that he wants us to do. The Government are acting along precisely the lines that he recommends. We are all travelling in the same direction. We are doing what he says we should do, and we are doing it willingly. We are keen to do it. I am extremely grateful for the assistance and advice that he has provided, but why do we need the Bill to underpin the action already being taken by the Government?

The hon. Gentleman's answer to that question is "belt and braces", an approach with which I have a degree of sympathy. Trust in any Government does not come naturally to any true democrat. But is it really necessary to have a Bill of this size—and I would not add the word "complexity"; it is not a single-line Bill—when we are already working along precisely the lines that it proposes? I remain to be convinced either way. I have absolutely no intention of trying to obstruct the Bill. I may even have signed the early-day motion; I rather believe that I may have done so. I am in sympathy with the Bill's proposals, but I think that we should ask ourselves a fundamental question: why, when we all agree on the same thing, do we need a separate Bill which could, in fact, slow down the delivery of what we are already undertaking?

As I said earlier, we use energy inefficiently in this country. We waste heat and power to an alarming extent. It is estimated that the average household in England wastes more than £300 a year simply through living in inefficient buildings and making inefficient use of them. Energy efficiency is a key part of the Bill. What it does not propose, however, is an educative programme to advise and assist people, as the Government are doing but presumably, according to the hon. Gentleman's logic, should be doing more, faster and more accountably. We should be explaining more to people how they can make the most of what they have, and how they can avoid causing problems by using too much power and pumping too much energy into the atmosphere.

While we know that 47 per cent. of the United Kingdom's carbon dioxide emissions result from heat generation, it is not widely known that, notwithstanding all the discussions that we have about airports and motorways, about a quarter of that is domestically generated. Our target is an 80 per cent. reduction in emissions by 2050. If we are to achieve it, we must virtually eliminate domestic heat waste. I mentioned targets earlier. This is a crucial target. We must direct everything that we are doing in government towards meeting it. As Members know, it is higher than the original target. It was raised so that it would become aspirational, and we all know what dire consequences will follow if we do not achieve it. The Minister has said that achieving it would require an energy revolution, and I do not resile from that, but is such a thing possible?

A range of actions can be taken. The Warm Front scheme enables 10-year-old boilers to be replaced. District heating is another option. There is an extraordinary scheme in, I believe, Aberdeen, where 4,500 flats and 59 multi-storey blocks now benefit from a district heating scheme. We should be working towards schemes of that kind, but we do not need a new Bill to tell us to do what we are doing already. We do not need new legislation to say that we should be moving in a direction in which we are already moving. We do not need more law when all of us are doing precisely what that law tells us to do. I am not arguing that the Bill is otiose, but I am arguing that it is almost superfluous.

That brings me to the one thing that the Government are doing that chimes exactly with the hon. Gentleman's ambitions and intentions. I refer to the heat and energy-saving strategy. He will doubtless say that the strategy is not as ambitious and not as tightly timetabled as it

*[Stephen Pound]*

should be, and it does not feature the interesting sanction of the Secretary of State voting for my right hon. Friend the Member for Holborn and St. Pancras from his prison cell. However, the strategy sets out short-term action, plus serious sustainable long-term proposals. It also contains targets, if targets we must have: by 2015 to deliver comprehensive whole-house solutions to 400,000 homes a year; by 2020 to save up to 50 million tonnes of $CO_2$ a year, equivalent to 33 per cent. of 2006 emissions; by 2020 to have comprehensive whole-house solutions for 7 million homes; by 2030, as we are on through the decades, to make available cost-effective, energy-efficient measures to—there is not a number—all households. As I said earlier, another target is to reduce our emissions by 80 per cent. by 2050 and to move as close as possible to the figure of zero. The heat and energy-saving strategy sets out a long-term vision and constitutes part of the energy revolution that the Minister has referred to.

We also have consultations on increasing carbon emissions reduction targets by 20 per cent. and on the community energy savings programme, which is set out in the short-term plan for households. Most important, we are aiming to have zero carbon for all new non-domestic buildings. That is entirely achievable. We understand that finance is a key issue and the problem was raised earlier about the individual costings of that. I do not want to be seen to be agreeing with almost everything that the hon. Member for Somerton and Frome said, but it would be hard not to. The idea that we can save energy, reduce the pain to individual constituents, yet finance new jobs and create the virtuous cycle whereby people get jobs, spend money and the economy grows cannot be anything other than immensely desirable. It is right that he has mentioned that in introducing the Bill.

Renewable heat is another key issue that has not been mentioned. We are particularly looking at the new renewable heat incentive to encourage more heat to be generated from renewable sources. However, the Government, being the Government, also have to consider the position of industry in the years before the renewable heat incentive comes into force.

There are parts of the market, however, that require additional attention and support. The Government are proposing stronger incentives to move to a low-carbon future, with which I cannot believe anyone would disagree, and to help people to change their behaviour and to take action. I would like to refer to the home energy audits and the joy of real-time displays. We have heard much about prepayment meters. I sadly come from a generation where tanners and two bobs were kept in cocoa tins on the mantelpiece, the meter would go at some stage and we would then put another two bob piece, or florin, into the meter. It was remarkably useful in many ways because we knew what we were spending; we did not have a bill and we were able to control our expenditure. The slight difficulties were that we paid more than anyone else and any passing ne'er-do-well knew damn well that most of the houses in the part of London where I was brought up had a row of cocoa tins on the mantelpiece stuffed full of two bob bits, which represented a fairly target rich environment, but there is a joy in real-time displays. The industry has responded on the issue of smart meters. It can centrally recalibrate meters, rather than individually calling at every home. Those are positive steps that have been achieved.

There is the proposal for what I originally read as a meat markets forum—it is in fact a heat markets forum—which includes regulatory arrangements for buying and selling heat. That would protect consumers who buy heat from district heating networks, a matter that has been raised on the Floor of the House many times. The issue of combined heat and power and surplus heat has been mentioned in passing. I think that virtually every major city in this country is now looking at combined heat and power.

All in all, I feel that the present list of the achievements of this Government should inspire, if not adoration, at least respect. We have recognised the problem, and we have addressed the key issue, and we continue to do so. We have done that through a combination of measures that bite now, in the medium term and the long term, in recognition of the fact that when we are talking about fuel poverty, we are also talking about energy efficiency and all the consequences that were so graphically illustrated in the Stern review.

We cannot afford not to address this problem on both a micro-level and a macro-level. In his speech, the hon. Member for Somerton and Frome spoke with dramatic passion about the individual constituent—whether, for instance, a pensioner or a person with disabilities—shivering and only being able to heat one room. That is the reality on the micro-level, and we cannot ignore it. I respectfully suggest that we are not ignoring it; we are addressing it, and are doing our level best to end the horror of, for instance, a person living in a single room in a two-bedroom house. All of us know of such situations as none of us is unaware of the realities of constituency life, and many of us have actually experienced them. On the macro-level, we clearly cannot continue to consume non-renewable resources and to heat up the planet in the way that we are. I therefore respectfully suggest that we already have a policy, and that it is attainable and costed.

The hon. Gentleman has done a great service by bringing much more new information before the House. He has had a series of meetings with a great number of actors in this area. In moments of weakness, I sometimes dream about a real Government of all the talents—in which, rather than bringing people in from the City, people are brought in even from the wilder reaches of Somerset, because we clearly need this sort of thinking and we are enjoying the benefits of it in this debate and in the Bill. I am still not entirely convinced that we need a separate Bill, however.

The hon. Gentleman blended pragmatism with passion in his presentation. He was pragmatic in that he talked about realities; he talked about the reduction from bands B and C to band C, amendments he could accept, and changes that he would be happy to consider if the Bill progressed. Underpinning everything he said, however, is his passion, and I respect and admire that. However, I would try to persuade him that that passion is not unique to the Liberal Democrats, as I think that almost all Members of this House are passionate about wanting to end fuel poverty, and none of us ever wants to have to face situations such as visiting a constituent who is wrapped in blankets and trying to keep warm in front of one bar of the electric fire. We have all had to face such situations, and we all know the realities of that, and none of us wants to see that continue, as it is wrong at every level. I hope that the hon. Gentleman's fury for

change and passion for the energy revolution, which the Minister referred to earlier, will energise every one of us and is inherent in the ambitions of us all.

The hon. Gentleman has distilled much of the thinking on this matter in what is a very good private Member's Bill. I thank him for introducing it, and I hope that by the time this debate finishes—which may not be too far away—I will be convinced of the need to support him. In the meantime, I simply say that his passion, as much as his pragmatism, has won him even more admirers in this House than he had before.

12.14 pm

**Charles Hendry** (Wealden) (Con): I begin by joining other Members in paying tribute to the hon. Member for Somerton and Frome (Mr. Heath) both for being successful in the ballot and having his prayers answered this year, and for his choice of subject. This is without doubt an extraordinarily important issue. As the hon. Member for Ealing, North (Stephen Pound) has just said, the passion it generates is equally strong among Members in all parts of the House; Members in all parties are extremely concerned about fuel poverty and serious in their efforts to combat it. Rather than in any way denying that there is an issue to address, we are all looking for the best way to do so.

I echo the hon. Member for Somerton and Frome in paying tribute to the organisations that have worked with him and helped to introduce the Bill. He mentioned the Association for the Conservation of Energy. If it were appropriate to single out one individual, it would be Ron Bailey, who has done immense work not only on this Bill, but on others. He is a tireless campaigner on fuel poverty, and Members on both sides of the House owe him a tremendous debt of gratitude.

I greatly welcome the constructive approach taken by the hon. Member for Somerton and Frome. We welcome his willingness to say that we should look to achieve a band C level of energy efficiency rather than a band B level if that would make it easier for the Government to accept the Bill. We also welcome the Bill's broad nature. It is extremely important that it addresses issues of microgeneration and does not just deal with energy efficiency and energy conservation. It is crucial for us, as a nation, to start to address all those issues with greater clarity and determination.

We all broadly welcome the Bill's objectives, and I think we can also all agree that fuel poverty has generally been getting worse over recent years and that home energy efficiency in this country is nothing like good enough. The hon. Gentleman said that good intentions are not enough, and that is a key point. I listened to the speech made by the hon. Member for Ealing, North, and he seemed to feel that the Government were doing enough already—he said that the Bill was "superfluous". In a way he was Shakespeare's Brutus—he had come not to bury the Bill but to praise it, but listening to some of his words, one found that the intention was rather similar. I appreciate the passion and sincerity that he brought to the debate, but I remain concerned because it is generally recognised that we are not doing enough to address fuel poverty.

We are not on track to have secure energy supplies, low-carbon energy generation or affordable energy, and those three requirements matter very much to this House and to the country outside. The thinking behind this Bill is an attempt to address a couple of those particular challenges. The Government's fuel poverty strategy has called for the eradication of fuel poverty in vulnerable households by 2010, and in all households by 2016 in England and a little later in Scotland. In an intervention, the Minister said that she was concerned that the Bill advanced an "absolutist position", yet the Government's target was to abolish all fuel poverty by 22 November 2016. One cannot get much more absolutist than that, although I know that she has not specified whether it is intended that that will happen before lunch or after lunch on that date.

In addition, when those targets were set they were never talked about in terms of being "as far as practicably possible"—those words have been cited subsequently in order to get the Government off a hook of their own making. We can clearly see that they are not going to meet the 2010 target because, as the hon. Member for Ealing, North said, the situation has been getting worse as the number in fuel poverty has been increasing.

**Joan Ruddock:** May I just refer the hon. Gentleman to section 2(1) of the Warm Homes and Energy Conservation Act 2000? It clearly refers to

"measures to ensure the efficient use of energy, that as far as reasonably practicable persons do not live in fuel poverty."

That is not something made up by the Government; it was legislated for, as a result of a similar Bill—a private Member's Bill.

**Charles Hendry:** I am grateful for the Minister's intervention, which gives me an opportunity to put on the record my genuine appreciation for the years of work that she has done and for her significant commitment to trying to tackle fuel poverty and deal with other energy issues. However, I think that it was the emphasis that was different; in the early years, the emphasis was always on the fact that fuel poverty was going to be eradicated and that that was the Government's goal. It is only as that has appeared to become more difficult that the emphasis on whether it is practicably possible to achieve that has started to creep in.

**Stephen Pound:** The hon. Gentleman is right to pay tribute to the Minister. I hope that he will also mention the work done by the hon. Member for Southend, West (Mr. Amess), who introduced that earlier Bill and who has done a great deal of work over the years to overcome fuel poverty.

**Charles Hendry:** In the spirit of cross-party support and encouragement, I am more than happy to recognise the work of my hon. Friend the Member for Southend, West (Mr. Amess) in that regard and as a sponsor of the Bill. My hon. Friend the Member for Rochford and Southend, East (James Duddridge) from the other side of the town shakes his head, just in case we confuse him with my hon. Friend, although he has made equally important contributions on other aspects of tackling these issues.

The Government's figures on fuel poverty only go as far as 2006, and they show that 3.5 million households were in fuel poverty then, compared with 1.8 million in 2005. The estimate is that 5.5 million households, or 9 million people, are now in fuel poverty. There are

*[Charles Hendry]*

some 23,000 excess winter deaths, as they are unattractively called, each year as a result of fuel poverty, and the situation is becoming ever more challenging. The annual dual fuel bill is now £1,100, up from £572 in 2003. Every 1 per cent. increase in fuel bills pushes another 40,000 people into fuel poverty. We are all genuinely concerned that the reductions in people's domestic energy bills have not happened anything like as quickly as the increases that we saw a while ago.

As the hon. Member for Somerton and Frome said, fuel poverty occurs across the country, in urban areas as well as rural, and affects the young, the old, single people and families. It is not easy to categorise and affects people of all backgrounds in all parts of the country. We must also address the situation of people who are off grid and do not have access to the same support mechanisms and regulation as we see elsewhere.

It is because of the price increases that we need a swift investigation by the Competition Commission into the relationship between the wholesale price of fuel and what the energy companies charge their customers. We must also recognise that the value of the winter fuel payment has decreased in real terms, while energy prices have risen.

The hon. Member for Chorley (Mr. Hoyle), in his impassioned contribution, put much of the blame on the energy companies. I do not agree that this is an opportunity to press the case for a windfall tax. One of the challenges that we face is the real risk that the lights in this country will go out within the decade, and we need to secure massive new investment in our energy plant. A third of the coal-fired stock will be out of commission by 2016 at the latest, and all bar one—Sizewell B—of our nuclear fleet by the early 2020s. If we have a windfall profit tax, the energy companies that we expect to invest in the new stock will simply look elsewhere in the world. The chief executive of E.ON has already made it clear that it does not see the UK as the most attractive place to invest.

Homes in this country have very poor energy efficiency. Only 40 per cent. of our homes are properly insulated. The average British home leaks twice as much heat and power as homes in Nordic countries. As the hon. Member for Somerton and Frome said, there are great opportunities to provide a badly needed economic stimulus at the same time as we make our homes more energy efficient. Figures that have been provided to us show that, when adjusted for climate, we have the second most inefficient homes in Europe. Even when the figures are not adjusted for climate, we are still worse than countries such as Sweden and Germany, which we would not expect.

We have heard about the role of Warm Front, which has been the Government's chosen vehicle for addressing some of these issues. There is general agreement that it is not delivering as much as it should. To some extent, we can see why. We know in early 2008 the Government cut Warm Front's grant by 25 per cent. That cut was partially reinstated, and £100 million was put back into the budget, but that still results in an overall deficit of £76 million in Warm Front's spending for 2010-11, compared with 2007-08.

The Government say that the £100 million that they have put back in will mean that an additional 60,000 homes will be brought more up to date in energy efficiency and the installation of modern boilers. Using the same calculation, however, the £76 million still missing from the budget means that the Government are condemning a further 45,000-plus households to fuel poverty.

Warm Front grants are, as we know, often not sufficient to cover the total cost of insulation. Many of our constituents cannot afford to pay the top-up element that is required and so have to forgo the grant. Concerns have been expressed, too, about the contractors used. Too often, the contractor used is not the cheapest available and national contractors do not give the best possible price. Clear improvements are needed and the Bill represents a genuine effort to achieve them, although I point out that, a few weeks ago, the Conservatives set out some of our thoughts on how to achieve a low-carbon economy, and I believe that our approach is more comprehensive.

The Bill sets out the need for targets and a delivery plan. All too often, targets are set without a road map—without a delivery plan or solid methods of measuring progress towards the targets. One has to question the value of targets set in that way, so I welcome the fact that the Bill includes a delivery plan. I have a practical concern, however: how can the Secretary of State identify accurately all the houses involved? The challenge is to tackle poor insulation, so that houses have adequate energy conservation, but we have to recognise that residents come and go. Rented accommodation is a particular problem. There is often a significant turnover of tenants, some of whom are fuel poor, some not; none the less, at one moment in time the property will be categorised to determine whether it needs to be upgraded.

There is an important debate to be had on whose responsibility it is to tackle these issues. There is a clear link between the energy companies and energy efficiency. In a time of a developing energy gap, they have a clear interest and a clear responsibility to help their customers to use less electricity and gas, but the link between the energy companies and fuel poverty is less clear. Those who are fuel poor are often more generally poor. It is the Government who know best who those people are and where they live because the Government have all the relevant information—on income and benefit entitlements, for example—to identify them. There is a case for dealing with the two issues—energy efficiency and fuel poverty—separately.

Furthermore, although some people are locked into fuel poverty for the longer term, others come into and out of fuel poverty over shorter periods. Let us take, for example, a pensioner couple whose income from savings has declined dramatically in the past year, while energy prices generally have risen. Although they might not have been in fuel poverty a year ago, they may well be now or in a year's time. Alternatively, let us take a family with two incomes, perhaps not well-paid but not currently in fuel poverty. If one or both partners lose their job, that family could easily fall into fuel poverty by next winter. What about someone who has a long-term but not chronic illness? They may be in fuel poverty for a substantial period, but there is every likelihood that it will not be permanent, and that must be our hope.

The difficulty is that the Bill is aimed at a moving target. Our approach is better, I think, because it focuses on poorly insulated houses generally. We would offer every household, whether in fuel poverty or not, an entitlement of up to £6,500-worth of approved energy efficiency improvements. Our figures have been developed in consultation with the best brains in the industry to make sure that they are comprehensive. We think that that is the right way forward because it would enable gas and electricity costs to be reduced immediately, and the costs to be recovered over time by the energy companies, which would have the duty to put the energy conservation measures in place.

That is the approach taken in the United States, where National Grid is a supplier as well as a distributor of electricity and is legally required to work with consumers to reduce their energy demand. We think that that is a model worth following. I believe that the Minister has been misinformed about our policy and how many homes would be included, but I emphasise that we want it to be rolled out across the entire country.

The Bill also includes energy assistance packages, which provide that, until their homes have been fuel poverty-proofed, the fuel poor must be offered the lowest tariff available—lower than any other tariff. However, that is hard to define because of the huge range of tariffs offered. One energy provider says it has 700 tariffs because it operates in four parts of the country supplying both gas and electricity and has single and dual tariffs and so on. As the hon. Member for Somerton and Frome said in introducing his Bill, this can therefore be an extremely complicated issue. Tariffs that might sound cheaper when first offered may end up not being cheaper when one looks at the consumer's actual consumption pattern. They may be using more electricity at peak times simply because they are elderly and are at home when other people are at work.

There could be a potential conflict of objectives here. One of the reasons why we have supported smart metering so enthusiastically is that it would change people's consumption patterns. They would use less electricity at peak times, which, in turn, would reduce the need for building new generating capacity. They would, for example, be encouraged to put their washing machines and dishwashers on overnight, and would find that a better way of using their electricity. However, the Bill would make it illegal for energy companies to offer to someone who commits to using their washing machine overnight a lower rate than to somebody in fuel poverty who chooses to run theirs during the day.

The longer-term goal of smart meters is to allow better demand management. People would be offered a better tariff if they allow their electricity supplier to switch off or reduce their power supply to their fridge or lighting at different times of the day when there is peak demand. However, the Bill potentially makes that illegal, because it says that the energy supplier must, at a minimum, offer a customer in fuel poverty a tariff lower than any other tariff available to its other customers. In its current form, the Bill also says that the supplier must not just offer that tariff, but supply it. So in the event that it was offered to somebody but they did not take it up, according to the way in which the Bill is phrased —I hope that we can work out such issues in Committee —it could be illegal if it was not actually supplied at that rate.

Therefore, what we need is an adaptable system. Tariffs need to adapt to changing circumstances. Somebody on a low wage who happens to lose their job and is therefore at home much more needs to be on a different tariff from the one they were on before. The danger, however, is that the company will have broken the law by not offering a revised tariff, even though it could not reasonably have expected to know that that person's circumstances had changed. Nor do we yet know from the Bill what the penalties will be, although it does give an indication of the level of penalties and what would happen in such a case.

Again, I believe that our proposed solution is better, because we would require every energy company to offer social tariffs to vulnerable households. That would help to achieve the same objective, but it would not potentially criminalise companies for offering price incentives to customers to use their electricity in an environmentally sound way. We would require energy companies to provide information on their energy bills that clearly showed customers whether they are on the cheapest tariff offered by their company. If they are not, it would show exactly how much they would save if they switched to the cheapest tariff and how they could do so. This approach would be constantly up to date and would reflect consumption patterns. We would also ensure that people's bills show how their household use compares with a similar household in their neighbourhood, so they could make comparisons and informed choices.

On top of that, we would reform the Post Office card account to enable people to pay their utility bills through direct debit-style payments, cutting the energy bills of up to 4 million people who currently do not have access to a bank account. We would certainly look to introduce smart meters, which in the longer term offer the potential to eliminate completely the charges for prepayment meters.

In conclusion, we are seeking to improve the Bill as it moves forward. Its aims are good, but it could lead to some less desirable unintended consequences. The thinking behind it has been very positive, and I again pay tribute to those who have encouraged the hon. Member for Somerton and Frome to introduce it. Our approach is I think significantly better, so although we cannot give a ringing endorsement to everything in the Bill at this stage, I hope that we will have the chance to explore these issues further in Committee.

12.34 pm

**Mr. Andrew Dismore** (Hendon) (Lab): I begin by congratulating the hon. Member for Somerton and Frome (Mr. Heath) on bringing in his Bill today. He has done the House a real service in doing so, thereby allowing us to debate some extremely important issues associated with fuel poverty. Nobody in the House today has argued to the contrary of the Bill's general purpose. We can all agree with the purpose of the Bill as set out in clause 1—to eradicate fuel poverty.

My main concern lies in the detail of the Bill, especially the points that I put to the hon. Gentleman earlier. My hon. Friend the Member for Ealing, North (Stephen Pound) said that the Bill was aspirational. Indeed, but my concern is that it is also extremely prescriptive and, to quote the phrase used by the hon. Member for Wealden (Charles Hendry), that it will have unintended consequences.

*[Mr. Andrew Dismore]*

My Committee, the Joint Committee on Human Rights, has done a lot of work recently on justiciability in the context of the Bill of Rights, and in particular in the context of social and economic rights. I suppose one could say that the hon. Member for Somerton and Frome is trying to introduce a social and economic right—the right not to be in fuel poverty. However, I am not convinced that that is what he is doing. He is bringing in a social and economic duty rather than a right, and there is a significant difference between the two.

A duty on the Secretary of State to do something is one thing. A right on the part of an individual citizen as against the state is something else. There is nothing in the Bill that gives the citizen the right to have the measures taken to deal with fuel poverty. It is simply the other side of the coin. That approaches the issue from the wrong direction. On the one hand, there is the duty on the Secretary of State. On the other hand, where is the liberty of the individual?

What, for example, if someone does not want to have those measures taken? It is unlikely, but it is possible that some old lady might say, "I don't want to have the work done. It's too disruptive. I'd rather pay the bigger bills. I know they are big bills and I don't like them, but I can't face the idea of workmen coming in." But it may well be that the only way the Secretary of State could meet the duty under clause 2(1) as drafted is by forcing that individual to have the work done. That cannot be right.

Under article 8 of the European convention on human rights,

> " Everyone has the right to respect for his private and family life, his home and his correspondence."

That right is qualified by paragraph 2 of article 8, which says that the state can interfere if it is for

> "the economic well-being of the country".

I would hate to think that the Secretary of State would have to rely on that to meet the duty. That cannot be right, but it is one of the unintended consequences of the way the Bill is phrased.

**Kelvin Hopkins** (Luton, North) (Lab): I am not a lawyer but I support the principles of the Bill. I desperately want to see fuel poverty eradicated. Are these not things that could be dealt with in Committee—changing the wording to make sure that it meets my hon. Friend's concerns?

**Mr. Dismore:** Obviously, I share my hon. Friend's concerns about fuel poverty and I am glad to see him in his place today. I had hoped that these matters could be resolved in Committee. However, I put the point to the hon. Member for Somerton and Frome earlier, but he was adamant that he wanted to see the absolute duty in the Bill. Therefore the inference must be that he would not be prepared to make concessions on the matter in Committee.

**Mr. Heath:** Yes, I do believe there should be an overall duty. However, if the hon. Gentleman recalls, I pointed out in my speech that there would be properties where the individuals concerned did not want the work done. I entirely accept that there may be a need for an amendment in Committee to make provision for those circumstances. I am grateful to the hon. Gentleman for pointing out the issue. With respect to the overall duty, I see a strong parallel between the overall duty in the Bill and the duty that the Government have not only encouraged but extolled around the world in the Climate Change Act 2008—a duty that also falls on the Secretary of State and with which, I understand, colleagues have no problems.

**Mr. Dismore:** I am grateful to the hon. Gentleman for that intervention. I referred to one of the unintended consequences. We could potentially put it right, but he stands by his bull point, which is the duty in clause 2 as currently specified. That is why I must take issue with him.

We heard earlier about the judicial review in the High Court of the Warm Homes and Energy Conservation Act 2000. The judge, Mr. Justice McCombe, said:

> "I am quite satisfied that, in this case . . . Parliament would have taken as axiomatic that the pressures on budgets are intense and that government would have to take the necessary steps in the context of other pressing needs for funds. I cannot conceive that Parliament can be taken to have intended that, whatever the expense, so long as not disproportionate to the benefit, the government should be obliged to expend whatever funds might be necessary to eliminate fuel poverty".

That is a correct interpretation of what Parliament decided when it enacted that Bill. I participated in the debates and supported the Bill, and that interpretation is entirely in keeping with what I thought we were voting for.

One of the unintended consequences of the absolute duty is this. Let us suppose that the costs involved with the provision escalate dramatically because rising fuel prices mean that more people come within the definition of fuel poverty, because the cost of the work has gone up or because the Government's resources decline. Which hon. Member will want to say that the hospital promised for their constituency should not be built because the Secretary of State has to meet that duty, or that the primary school in their constituency should not get the new boiler that it needs because the priority is ensuring that homes are warm? Which hon. Members would vote for such things, which would be a consequence of the duty as it is phrased in the Bill? Those things would be the consequence, although unintended, of making the duty override all other demands on Government spending. As the Minister said earlier, the previous Bill was phrased precisely to overcome that barrier; furthermore, the judge whom I mentioned interpreted the law accordingly. That was the correct way to approach the issue.

As I said, my Committee has done a lot of work on social and economic rights and their justiciability. We debated at great length whether there should be social and economic rights in the Bill of Rights proposed as part of our constitution and, if so, the extent to which they should be enforceable through direct justiciability. We came to the conclusion that such enforceability could be extremely dangerous. It is not even required by the UN convention on these matters. That requires the progressive realisation, as resources permit, of all the great objectives of health, education and eliminating poverty; it does not impose absolute duties. The position now adopted by the Government, and which they are at great guns to achieve, matches that duty. The consequence

of justiciability is not just that Friends of the Earth can bring a case against the Government, but that any individual or busybody could do so. There is a better approach than through extreme justiciability, and it is the system that we advocated in our report on a UK Bill of Rights and Freedoms; I recommend it to the hon. Member for Somerton and Frome.

The fact that that approach is better is partly reflected by clause 4, to which I shall come in a minute. We said in the report that the best way was to give the judges an interpretive power, so that they interpreted the common law, Acts of Parliament regulations or whatever in a way that gave maximum effect to the duty. The duty itself would not be directly enforced, but the courts would do their best to give effect to it in how they approached it. That is a halfway house that fits much better within our overall constitutional settlement than what the Bill proposes. There should, of course, also be an absolute bottom line below which nobody should be expected to fall and which the courts could also enforce.

In the end, clause 2 risks the separation of powers. There is a clear separation of powers—although not as clear as some of us would like—between the legislature, the Executive and the judiciary. The Executive's job is to run the country, the legislature's job is to pass the laws and the judges' job is to interpret them and make sure that the courts are doing their job properly. The problem is that clause 2 would blur the distinctions. Effectively, the judges would be making decisions on the allocation of resources. The judge would decide that the Government had not met the very precise duty under clause 2(1), therefore they must spend more money on it, therefore something else would have to give. Judges have the luxury of not having to say where the money will have to be cut—whether from the housing, schools or health budgets or elsewhere. Judges do not have to make that decision. All the judge has to do is to tell the Government that they are not spending enough money on the target and they have to spend more. The Government do not have that luxury, but the judiciary would have that power as a consequence of clause 2.

**Janet Anderson:** Is my hon. Friend saying that if the Bill is passed judges would decide national policy on fuel poverty, not elected parliamentarians?

**Mr. Dismore:** I am not saying that, because the policy would be set out in the Bill and the Government would bring it forward. I shall say more about that later. The issue is not the policy but the duty.

Clause 2(1) is absolutely prescriptive: by 31 December 2016 a given number of households must be taken out of fuel poverty. If by 2014 it looks as though that target will not be met, somebody will no doubt go to court and demand that the Government divert their last penny to achieve it. Judges could order the Government to do that, no matter what the social consequences elsewhere. Indeed, not only could judges do that, they would have to do it, because that is the absolute interpretation of the law—to the letter. They would have no choice, irrespective of the consequences, even to court budgets. Judges might have to be made redundant to give effect to the policy. Some people might think that a good idea, but it could be one of the unintended consequences of the way in which that absolute duty is phrased in the Bill, which is why when the Human Rights Committee looked at such things in great detail we came to the conclusion that there could be no direct justiciability for what are in effect social and economic rights. It would be too dangerous to give such power to the courts, and it would significantly change the constitutional settlement of the UK. I am sorry to be so heavy on the Bill in that respect, but it could be the thin end of a large wedge.

**Emily Thornberry** (Islington, South and Finsbury) (Lab): If judges ordered Ministers to spend all their budget on ensuring that we reach the target and Ministers said no, can my hon. Friend tell the House what would happen?

**Mr. Dismore:** As I said earlier in response to an intervention by my hon. Friend the Member for Ealing, North, I suppose that if the High Court passed a mandatory order requiring a Minister to do X, Y and Z and the Minister refused or failed to do so, it would technically be contempt of court. The Secretary of State would be in breach of an order of the High Court and would be subject to the punitive sanctions that follow from contempt of court, which could ultimately mean imprisonment. That is an absolutely ludicrous consequence, but it is possible.

**Mr. Heath:** May I bring the hon. Gentleman back to my earlier intervention? Will he tell me how my proposals differ from the situation under the Climate Change Act 2008?

**Mr. Dismore:** The interpretation under the Climate Change Act would be much more in line with what Mr. Justice McCombe said about previous legislation. We have yet to see the text for the Bill on child poverty, but although I suspect that it will be framed in aspirational terms I should be very surprised indeed if it included such an overriding duty as set out in clause 2(1). If that were so, every last penny of the Government's resources would have to be diverted to deal with child poverty.

We could have several such duties, all possibly in conflict and all demanding their share in the allocation of Government resources. The Committee looked at the South African experience, which produced some peculiar consequences. Luckily, the judges there are being sensible and allowing time to adopt the measures, but politicians say that if they had realised what they were doing when they passed social and economic rights they might have done so rather differently, without allowing full justiciability. Such a duty could take from elected politicians our proper role, which is to decide on the allocation of resources and priorities for the country and stand or fall by those decisions at the next election, and put that right into the hands of unelected judges, who are unaccountable and do not face the same pressures as us when we try to make decisions.

**Lynne Jones** (Birmingham, Selly Oak) (Lab): I understand my hon. Friend's point, but it is clear that previous fuel poverty targets and the best practicable means to achieve them have not been successful, so is it not important that when Governments set a target they at least put a reasonable amount of resources into achieving it? Could we not have a fuel poverty Bill that at least ensures that there is some likelihood of achieving the target? I certainly hope that the Government will

*[Lynne Jones]*

want to do just that in the child poverty legislation. I also hope it will not take all the Government's resources to alleviate child poverty.

**Mr. Dismore:** My hon. Friend has not been present for most of the debate, but earlier we heard about the efforts that the Government have made, and the billions of pounds that have been spent on dealing with fuel poverty. I think that the figure for what has been spent so far is in the region of £20 billion, although I stand to be corrected. That is not peanuts; that is a significant amount of money to spend on eliminating fuel poverty, yet we still have not achieved the target. That is because of the issues that have come out in this debate, and because it is a moving target. That is the real difficulty with clause 2(1); it sets an absolute target, which does not reflect the fact that fuel poverty is a moving target. One of the issues that we will face when we come to consider the child poverty Bill is how child poverty is defined in it, because child poverty is potentially a moving target, if we define it in relative terms, rather than in absolute terms. We will have to wait and see what is in the Bill.

The problem with fuel poverty is that it is a relative, not an absolute, target. That is inevitable when there are different factors in play that affect who is, and is not, in fuel poverty. I do not quibble with the definition in the Bill, which I think is reasonable: it is when 10 per cent. of disposable income has to be spent on fuel if the temperature thresholds are to be reached. The problem is that people's disposable income changes. As my hon. Friend the Member for Chorley (Mr. Hoyle) said, what happens if somebody loses their job? Their disposable income plummets, so someone who is not in fuel poverty one day falls into fuel poverty the next. On the other hand, as we discussed, if the price of fuel rockets, people who are low-paid, but who are not in fuel poverty because their income is sufficient to ensure that they do not come within that 10 per cent. bracket, may be pushed over into fuel poverty. When fuel prices come down, they come out of fuel poverty again. The same is true of someone who gets back into work. It becomes a moveable feast.

If we set an absolutely definite, specific target in clause 2(1), it will fail to reflect the fact that the target is moving and changing. The reason why the number of people in fuel poverty has gone up in the last couple of years has nothing to do with the Government not making an effort or commitment, or not spending on the issue. It is to do with the fact that fuel prices have gone up, as my hon. Friend said. That is the real reason why more people have fallen into fuel poverty in the past couple of years, although there are still fewer people in fuel poverty than 10 years ago. No doubt, as fuel prices come down, people who are currently in fuel poverty will cease to be so. Prices are coming down, albeit not as fast as my hon. Friend and I would like. Earlier, we discussed what the remedies for that might be. At the same time, other people may enter fuel poverty because of the rise in unemployment.

That makes if very difficult not only to meet the target set out in clause 2(1), but to identify the target that we are aiming at in the first place. It is like asking somebody to do archery blindfolded when the target is moving from left to right every day of the week. How on earth is one supposed to hit the bull's-eye in those circumstances?

**Janet Anderson:** My hon. Friend is, of course, much more expert in matters of the law than I am, but is he saying that one of the principal problems with the Bill is that it does not set out a way of identifying fuel-poor households, and that we therefore cannot achieve the target?

**Mr. Dismore:** I think that the Bill does identify fuel-poor households. I certainly do not quibble with the definition in clause 13(d), as I said earlier; it is a perfectly acceptable definition. The problem is that the numbers change daily, partly because of the Government's initiatives, but also because of all the other factors. There are subjective factors affecting individual households over which the Government simply do not have control. Of course, the Government have some control over macro-economic policy, but not over whether an individual loses their job. They may have overall control over energy policy, but not over the day-to-day spot market prices that companies pay for gas. They cannot possibly have control over those things, so the target is moveable, which is why it becomes so difficult to have an absolute duty. If we were talking about a duty to achieve the target "so far as is reasonably practicable"—that is the duty that we currently have—or "so far as is practicable", that would be a realistic way of approaching the matter.

**Mr. John Horam** (Orpington) (Con): Is not any duty on the Government restrained, inevitably, by the resources available? As the hon. Gentleman says, it is right that prices will change from time to time and therefore the extent to which any group of people can be taken out of fuel poverty will change from year to year. The Government cannot control that. None the less, the Treasury controls the amount of resources that can be put behind any particular objective. There is presumably a budget and a cap on that budget, and that will constrain what can be done.

**Mr. Dismore:** The hon. Gentleman is right as far as the law stands. That is exactly what the High Court said in the previous case and I would not object to that. It is a sensible approach to adopt. The Government have a duty to do that, balanced out against all the other obligations and duties that the Government have to meet. That is what the judge said. I cannot conceive that that point could be taken to entail that whatever the expense, so long as it was not disproportionate, the Government should be obliged to expend whatever it takes. I agree with the hon. Gentleman, but the trouble is that the hon. Member for Somerton and Frome does not. He says that it has to be an absolute duty. Fuel poverty is an overriding priority and so what the hon. Member for Orpington (Mr. Horam) says would not apply if the hon. Member for Somerton and Frome gets his way with the Bill as phrased. That is his bull point—from his point of view, it is the absolute priority of the Bill. That is what I have to take exception to, because I think that it is unrealistic. It is a Trotskyite transitional demand. It is superficially designed to please and to be attractive, but it is not a practical proposition for any Government to accept or, in my view, for any Parliament to pass. The fact remains that it is unrealistic and the hon. Member for Somerton and Frome must accept that.

We would all love to be able to say that the Government had a duty to ensure that we eliminate entirely illiteracy, waiting lists and people having to hang around in accident and emergency, but that cannot be done in those terms. We can have the aspiration to do so, which is why I agree with clause 1, or the duty to do it, as in the definition set out by Mr. Justice McCombe, which is the right way of setting priorities and the right relationship between the legislature, the Executive and the judiciary. Or we can have it the hon. Gentleman's way, where he does not give a monkey's about health or education so long as he gets his way on this point.

My bull point of concern—where I really fall out with the hon. Gentleman—is that issue. That is not the end of the Bill, of course. There are other practical problems. We have to achieve this by 2016 in absolute terms, but that might be unrealistic depending on how the world changes. The hon. Gentleman has already conceded that clause 2(3)(a) will have to go. When he drafted the Bill, he did not realise that only 30,000 properties in the whole country would meet that criteria and that the cost of that would be £50 billion plus. Even to do what he is talking about in clause 2(3)(b) at present prices will cost an extra £20 billion on top of the £20 billion we have already spent.

The hon. Gentleman is on to something with clause 3, which concerns the fuel poverty strategy. I do not disagree that it would be a good idea to set a fuel poverty strategy and for it to deal with all the points to which he refers. It would be helpful to have a strategy set out as a way of benchmarking Government performance. That is one way in which we can do that much more effectively. A benchmarking system whereby we have a strategy that links in to the fuel poverty annual report required by clause 4 would be very effective. I hope that it would mean that every year we would have a debate in Parliament on the strategy and on how far we had got in achieving it, and we could hold the Government to account in the legislature for their performance. That is the right way of holding the Government to account—not in the courts, but by asking the Minister to come to the House, stand at the Dispatch Box and say what they have done or have not done, as well as answering questions and facing challenges from hon. Members on both sides of the House. That is the correct democratic way of dealing with the issue.

The hon. Gentleman is absolutely right to require the fuel poverty strategy to be set out and I do not think that I would take issue with any of the points that he has set out that should be required in the strategy. I particularly agree that it would be useful to include provisions about microgeneration installations. I have no difficulty with that. I do, however, have difficulty with the hon. Gentleman's references to the time scale for the fuel poverty strategy. I do not think that he has considered the correlation between clause 3(1), which sets out a time scale of six months, and clause 9, which deals with consultation. I agree that it is good practice for any Government to consult interested parties and organisations—in this instance, Friends of the Earth, Age Concern and the other organisations that the hon. Gentleman mentioned earlier—and to try to reach agreement with them about what should go into a strategy. However, the Government are always being criticised for having sham consultations, for not allowing enough time for consultations and for not taking into account anything that anyone says. They are criticised for just going through the motions.

My concern is that the Bill would make it a duty to produce the strategy within six months, because clause 3(1) states:

"The Secretary of State must, not later than six months…publish a document".

Bearing in mind the length of time it takes to write Government documents, proof-read them and print them, I am worried that clause 3(1) and clause 9 would be mutually exclusive, in that it would be very difficult to have a proper and effective consultation involving consideration of, and reaching agreement on, all the suggestions, as well as publishing the document, all in the space of six months. That is not realistic. I hope that that matter will be corrected in Committee, but I wanted to draw it to the hon. Gentleman's attention now. I agree with the aims of both clauses, but there is a significant difficulty there.

Clause 3(5) states that the Secretary of State

"shall take such steps as are necessary to implement the Fuel Poverty Strategy."

I shall not repeat my previous argument, but this provision is draconian and probably unachievable in its present form.

Clause 10 is welcome. It puts pressure on the suppliers to introduce energy assistance packages, and it is quite right that the energy companies should play their full role in helping to deal with the problem. I am worried, however, that the hon. Gentleman seems to want to let them off the hook, because clause 10(3) states that the lower tariffs should be available to customers only

"until such time as their homes have been made fuel poverty proof."

Those people are probably on the lower tariff in the first place because they do not have very much money. I would like to see that final provision removed from the clause in Committee, because we ought to be aiming for lower tariffs to be more generally available throughout the fuel companies' charging structures. This picks up on points that were made earlier.

Clause 12 relates to expenses, and states:

"There shall be paid out of money provided by Parliament…any expenditure incurred"

as a consequence of the legislation. As I said earlier, the hon. Gentleman has not put a price tag on this. Indeed, I am not sure that he has one. The best estimate from the Government is that it would cost £20 billion to meet the band C requirement set out in clause 2. This raises the question of whether we would need additional taxation to finance these provisions. I am not sure what £20 billion translates as income tax, but it could be 4p or 5p in the pound; or would we need to cut other things in order to pay for this?

**Mr. Heath:** Does the hon. Gentleman support the Government's policy of eradicating fuel poverty by 2016? There is a bill attached to that policy.

**Mr. Dismore:** Of course I do. I said at the beginning of the debate that I agree with the thrust of what the hon. Gentleman is trying to do. I also agree with a lot of his Bill. The only proposal of substance that I have taken issue with is clause 2. As far as the rest is concerned,

*[Mr. Dismore]*

I have pretty well agreed with him. I have not commented on some of the other clauses because I am broadly happy with them.

However, we need to be careful that we scrutinise Bills properly. When the hon. Gentleman introduced the Bill this morning, he didn't half skate over the details. He basically just read out the title of each clause. Our job in Parliament is to scrutinise Bills and to pass Bills that are practical and that will achieve things. Most private Members' Bills, if they are to succeed, have to do some good, which this one tries to do. However, they also have to be modest in their objectives and not cost very much. His Bill is neither modest nor cheap, and he must reflect on that fact. If he gets it through, he will have achieved an extremely rare feat, given the way in which it is phrased.

I have made my point about the expenses and the costs, and the hon. Gentleman will no doubt respond to it when he closes the debate. I certainly do not intend to try to talk the Bill out. It is trying to achieve a worthwhile objective, and I would like to see it in Committee. However, I give notice to the hon. Gentleman that, if it comes back to the House with clause 2(1) remaining as it is at present, I shall table an amendment to make the phraseology more realistic, to reflect the true balance between Parliament, the judiciary and the Executive.

1.5 pm

**Simon Hughes** (North Southwark and Bermondsey) (LD): I am happy to follow the hon. Member for Hendon (Mr. Dismore) and to discover such broad support around the House for the Bill's objectives, even though, of course, points have been made that can be properly taken up in Committee.

Throughout my youth, it was customary just before midnight on new year's eve for someone—usually the darkest person—to go outside the door of our home and to come back in with coal, bread and a coin. Those were the three things that every household was thought to be in need of. They symbolised prosperity and a satisfactory life—and the coal was not irrelevant.

**Mr. McGovern** *rose—*

**Simon Hughes:** If the hon. Gentleman will forgive me, I will be brief, as the Minister and possibly other colleagues are still to speak. As I was saying, coal was one of the three, because energy and the ability to keep warm was fundamental to everyone's happy existence.

I warmly congratulate my hon. Friend the Member for Somerton and Frome (Mr. Heath) on introducing his private Member's Bill, which he said would be good for the vulnerable, good for health within the UK, good for our environment and good for the economy. It rises to the four great challenges of our age: we need a more equal society, to which the Minister and the Government are committed; we need to protect our environment, to which the Minister has shown a lifelong commitment; we need to rescue our economy from its difficult times; and we need to give maximum employment to people—and there is no more obvious contribution to getting us out of a recession than expanding the construction industry. The Bill's objectives will allow us to save carbon, save money, save jobs and, most importantly as my hon. Friend said, save lives.

Members have put the situation we face on the record. Dealing with inadequately heated homes—fuel poverty is the technical term, but I am never very comfortable with it, because it is not the sort of phrase people use on the Old Kent road—has been a challenge for decades. As my hon. Friend the Member for Chesterfield (Paul Holmes) said, it was that problem that brought him and people like him into politics in the '80s.

There is the old phrase that "An Englishman's home is his castle"—it applies in Scotland, too, and to a lesser extent in Wales—but castles were often draughty. Although most Englishmen and women do not live in castles, the reality is that most of their homes are still draughty and not well insulated. After an exchange at Question Time on 20 January, the Minister for Housing wrote to me, confirming that only 1 per cent. of current housing stock in the country reaches the rating of 81 on the standard assessment procedure, which is recognised as the best way to assess what counts as a satisfactory energy-efficiency rating. Thus only 1 per cent. of our housing stock is adequately insulated and 25,000 people or thereabouts die every year unnecessarily—and we should not pass over such figures lightly. Many more people are ill and are looked after at huge cost to the NHS. We must not forget to put the costs of the current position on one side of the balance.

Furthermore, figures are available showing how many people are in fuel poverty in every single constituency in the country. I looked at the figures for London and found that 15 out of 100 homes in the Minister's Lewisham, Deptford constituency are in fuel poverty. The figures for the two other constituencies in my borough—15 in Dulwich and West Norwood and nearly 15 in Camberwell and Peckham—are about the same. Most amazingly, although there is an explanation for it, my constituency with 13 out of 100 has the least fuel poverty in London. I think that the explanation is that we have the largest amount of council housing stock. If anyone ever wanted an argument that council housing has been good for people, there it is, as it is much better heated than privately rented or owner-occupied property. The figures are there for all to see.

To any colleagues in the House who are nervous about the Bill, perhaps including the hon. Member for Ealing, North (Stephen Pound) and the hon. Member for Hendon, I would say that where there is a will, there is a way. We have to take this Bill and turn it into legislation that can deliver what we want, which is a job for a Committee, not for proceedings here. I endorse what the hon. and learned Member for Torridge and West Devon (Mr. Cox) and the hon. Member for Wealden (Charles Hendry) said about the inadequacy of the present system. My hon. Friend the Member for Somerton and Frome is seeking to deal with a system that is not just piecemeal but confusing.

There are three failures. There is the problem that although some people are being targeted who should be targeted, others are being targeted when they should not be. Apparently, more than 100,000 households with a combined income of more than £100,000 a year receive the winter fuel allowance every year. Members

of the House of Lords have told me that they receive it because they are pensioners, but clearly they do not need it. That is a nonsense of a system.

Secondly, the explanation of the tariff options is very confusing. I looked at the Consumer Focus website, which customers are supposed to consult. With the best will in the world, I do not think that people should require a table that takes up an entire page. The eventual figures depend on whether people are low, medium or high users, on whether they use gas, electricity or dual fuel, and on who supplies their fuel. Then there is the small print. If any of us tried to read all that, we would be lost for accurate answers.

The third failure—the hon. Member for Slough (Fiona Mactaggart) made this point very tellingly—is the prepayment meter system, under which in many instances the poorest and those who use least will pay more.

We live in a country that provides us with huge amounts of our own fuel—gas, oil and coal—along with the potential for renewables. We also face a huge challenge in dealing with carbon emissions, 27 per cent. of which emanate from domestic households. What should we do now? The hon. Member for Southend, West (Mr. Amess) introduced a similar Bill in 2000, and my hon. Friend the Member for Hazel Grove (Andrew Stunell) introduced another in 2004. The Bill presented today by my hon. Friend the Member for Somerton and Frome seeks to pick up where the law appears to have left off after last year's High Court judgment—which, I should point out to the hon. Member for Hendon, is currently on appeal. We do not know what the final judicial decision will be.

As other Members on both sides of the House have observed, this is exactly the sort of Bill that gives credibility to Parliament. These are the issues that matter to our constituents. The Bill is central to what we should be doing. It is in the great tradition of the social legislation that gave us pensions, national insurance and the national health service. We have a job to do in dealing with the social issues of the day, and the Bill gives us an opportunity to do that job now.

My hon. Friend the Member for Somerton and Frome referred to the huge amount of support that he had received. I echo the tributes paid to Ron Bailey and others. The fuel poverty charter movement involved a range of supportive non-governmental organisations. Members in pretty well every corner of the House have signed the relevant early-day motion: many Labour colleagues, Conservative colleagues, Plaid Cymru colleagues, Democratic Unionist colleagues, Scottish National party and Social Democratic and Labour party colleagues, and independent colleagues, as well as a large number of my Liberal Democrat colleagues.

I commend the local press—many local papers have taken up the issue—and the national press, particularly Nigel Nelson and the *Sunday People*. As soon as my right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) became leader of our party, he chose this as the first subject on which to challenge the Prime Minister at Prime Minister's Question Time. We have published our proposals, which, like those of the hon. Member for Wealden (Charles Hendry), include a national programme to ensure that not a single household would not benefit from the scheme, except those that did not wish to do so. The finance can be raised by the utility companies, and the system would save money as it proceeds.

Finally, let me point out to the hon. Member for Hendon and others who are worried about the duty in this Bill that the Climate Change Act 2008 clearly imposes a duty on Government. If we are determined together to implement the Government's policy, we must set ourselves a duty. The wording may need to be changed, but I hope that today we will have the conviction—

**Janet Anderson:** Will the hon. Gentleman give way?

**Simon Hughes:** No, I will not.

I hope that today we will have the conviction to give the Bill a Second Reading and send it into Committee. I am sure that our constituents will want that to happen. I hope that the Bill will receive positive encouragement from the Minister so that it can move to its next stage, and my hon. Friend's aspirations can be fulfilled this very afternoon.

1.14 pm

**Mr. Jim McGovern** (Dundee, West) (Lab): I congratulate the hon. Member for Somerton and Frome (Mr. Heath) on his Bill, which deals with a very important subject. It is, I believe, far too important to be discussed along with four or five others.

I am reminded of something that one of my favourite comedians, Woody Allen, once said. He was looking at the back of one of the American comics, featuring X-ray specs, Charles Atlas and so forth, when he spotted an advertisement for a speed-reading programme. He decided to go for it. Lo and behold, within four weeks he could read "War and Peace" in four hours. When someone asked him what it was about, he said "I think it concerns Russia." I feel a bit like that now. How is it possible to compress such an important subject as fuel poverty into four and half hours?

I would like, with your indulgence, Mr. Deputy Speaker, to comment on the attendance today. I was going to say that there is only one person from Her Majesty's official Opposition here, but there now appears to be three—that is three times as many as they have in Scotland. Obviously, there are quite a few Lib Dems present, who for the most part I have never knowingly understood, but I am glad to see them. They are obviously here to support their colleague the hon. Member for Somerton and Frome.

As I mentioned earlier, the Scottish National party claims to stand up for Scotland. However, not only does it fail to stand up for Scotland, but it fails to turn up for Scotland—there is not one SNP Member here. That should be on the record.

I welcome the debate. It is an important issue for all of us and all our constituents. I am pleased that the Government have maintained their commitment to tackle fuel poverty. They have a statutory target to end fuel poverty, so far as is reasonable, for all households across the UK by 2016. The three impacts on fuel poverty are household income, energy prices and the energy efficiency of the home. We have tackled all those elements in different ways.

First, on income, the Government introduced the winter fuel payment in 1997 specifically to help older people who are particularly vulnerable to the effects of cold weather with their winter fuel bills. Earlier this year, millions of vulnerable people and pensioners received

*[Mr. Jim McGovern]*

the highest ever cold weather payment, which has been trebled by the Government this year from £8.50 to £25 a week. The latest payments mean that the Government had paid more than £100 million to pensioners and vulnerable people to help with fuel bills as the cold snap hit Britain this winter.

That was not the only extra help announced by the Government for vulnerable people and pensioners this winter. There was an extra £575 million spent on winter fuel payments this year, with £250 for those in households with someone 60 or over and £400 for those with someone 80 and above. There has also been the biggest increase in the state pension since 2001 and the biggest increase in pension credit since it was introduced. In 1997, the poorest pensioners had to live on just £69 a week but now, thanks to pension credit, no pensioner need live on less than £124 a week, and that will rise to £130 in April.

Secondly, while prices were on their way down and incomes were rising, fuel poverty declined. Prices started to rise recently, and that has been the biggest problem in our efforts to tackle fuel poverty. People need to be confident that the prices that they pay are fair. It is wrong that people face unfair prices because of where they live or the method that they use to pay.

The recent Office of Gas and Electricity Markets investigation of retail gas and electricity markets identifies several unfair pricing practices. Ofgem was right when it called on the energy companies to end those unfair practices, and the supply companies have partly responded by addressing excessive premiums charged to some groups of customers. However, there is more to be done. It is also essential that changes are made to ensure that customers, particularly the vulnerable, are not discriminated against. We need to ensure that pricing remains fair, so I support Ofgem's work to establish licence conditions for suppliers to achieve that. The changes that it proposed in January to the licences of suppliers will change the law to ensure that such unfair practice does not happen again. If that approach fails, I agree that the Government will need to act.

I was pleased that the Government managed to get voluntary agreement for social tariffs from companies. The Bill suggests giving the power to the Secretary of State to mandate social tariffs. That is a serious step and I hope that the Government are examining it in their fuel poverty review. I also welcome the agreement with energy suppliers to increase how much they are spending on their social programmes in the next three years. Already 800,000 customer accounts are benefiting from social tariffs—almost double the number in March 2008. This is the first year of our voluntary agreement with energy companies to spend more on social programmes and that spending will increase further over the next three years.

Despite that positive news, we must not forget that there are still unfair practices from energy companies with regard to prepayment meters. Some companies have backdated bills to customers on prepayment meters. Debts have built up on the old-style meters, often through no fault of the customer after the company failed to update the token meters with price changes that must be done manually. The amount owing has come to light only when the old token meter has been upgraded to a more modern version and customers have then received backdated bills, in some cases for four years. That is unacceptable and I am pleased the Secretary of State is keen for energy companies to do right by their customers in these difficult times by not backdating their bills for months and years and by making efforts to replace the meters.

Energy efficiency is crucial in tackling fuel poverty. The Warm Front scheme has helped 1.8 million householders with new heating and insulation measures, but there are improvements to be made and I am glad that the Government will be working hard to ensure that the result is a fair, efficient and effective programme. A recent National Audit Office report makes a valuable contribution. It is right that the Government are taking steps to improve the scheme and I welcome the hiring of an independent troubleshooter to review the contract. I welcome, too, the increased funding of £174 million since September. I also think that there is a strong case for raising the current grant levels, and I would like to hear the thoughts of my hon. Friend the Minister on that.

Let us be in no doubt, however: the Opposition's plans to cut the Department of Energy and Climate Change budget would put Warm Front funding under threat for thousands of families. A 1 per cent. cut in the Department's budget would mean a cut of £80 million in Warm Front funding. That would mean 32,000 fewer of the most vulnerable households getting the help that they need to heat and insulate their homes. Labour increased the money for Warm Front by £100 million in the pre-Budget report, which the Opposition opposed. If the Opposition were to have their way, that would mean another 40,000 vulnerable households not getting the help that they need.

The Government also have a serious and ambitious programme for energy efficiency. They are launching an ambitious package that aims for nothing less than a fundamental shift in our approach and the way we use and save energy at home and at work—an energy revolution. The plan has three elements: first, a street-by-street, house-by-house approach with offers of comprehensive advice, or in other words an "energy audit"; secondly, a financial package that will support whole-house and in some places whole-area makeovers, where payback is linked to the house not the individual, with people better off from day one; and thirdly, a commitment to ensure fairness in what we deliver and the way we deliver it. A community-based approach will often be the way to ensure that we deliver those measures fairly.

We need an energy revolution to keep energy affordable and secure and to make it low-carbon. Labour offers real help now for people to cut their energy bills and reduce their carbon footprint, but preparing for the long term—a low-carbon future—requires a radical shift in the energy efficiency of our homes and buildings, and decarbonising our heat supply. Labour's ambition is to support and help people make their homes part of that future. People will be offered home energy advice, and the chance to have whole-house treatments, which could be paid for through a financial package, and which should mean overall savings on their energy bills from day one.

We cannot leave fairness to chance. The Government will ensure that the vulnerable get the extra help that they need, working closely with community organisations

and local authorities. We cannot leave tackling climate change to chance and to the enthusiasts. All of us can gain by doing our bit. Our ambition is for 7 million homes to get whole-house treatments, including insulation and low-carbon heating supplies, by 2020.

**Stephen Pound:** The Government's flagship tool, the carbon emissions reduction target, is the largest domestic energy efficiency obligation in the EU. Does my hon. Friend think that the Government could do more to encourage our European friends and neighbours to try to match the commitment we have shown in this country?

**Mr. McGovern:** I agree entirely. "Global" has become something of a buzz word recently, but what we in the UK are trying to achieve should be not only a Europe-wide but a global aspiration.

As I was saying, our ambition is to achieve that whole-house treatment target by 2020, be it privately owned, privately rented or social housing leading the way, with Government support. The heat and energy saving strategy is an ambitious package that aims for nothing less than a fundamental shift in our approach to using and saving energy at home and at work—an energy revolution. It sets out short-term action to help consumers save energy and save money, but it also sets out options for a longer-term strategy to support and encourage everyone to work together and make the changes we need in the fairest way possible.

Success means moving beyond relatively inexpensive and easy energy efficiency measures to more radical ways of saving energy and decarbonising the supply of heat. I am pleased that the Government are making sure that there is comprehensive support for those who need it most. We are doing that by looking at new delivery models to provide house-by-house and street-by-street approaches, targeted particularly at the poorest communities. We are looking, too, at the idea of linking finance to the property, rather than the householder, and at new measures to stimulate community-scale generation. The options that the Government have put forward are of a scale that is different and more ambitious than anything we have considered before.

Our aim is that all the houses for which it is feasible will have cavity wall and loft insulation by 2015. That, in itself, is a very significant task, but we must go much further. By 2020, to cut emissions by a third, the Government will have offered 7 million homes a whole-house refurbishment—not just basic energy efficiency measures, but more radical approaches such as solid wall insulation and new technologies to generate heat and power for the home. By 2030, we will need to have gone even further, with cost-effective energy efficiency measures available to all households, and by 2050, every home will have to be near zero-carbon.

So this cannot be about energy companies helping a few million houses; we have to think bigger than that. That is why the Great British refurb is based on a plan that, over time, will cover every area and every house in every area. We have serious plans to tackle fuel poverty and carbon emissions through energy efficiency measures that would be entirely cut across by this Bill. I doubt the commitment of the Conservative party, which has opposed our measures, including the winter fuel payment. The hon. Member for Havant (Mr. Willetts), the then shadow Social Security Secretary, said the following when opposing it:

"Will the Secretary of State confirm that most of the money has gone not into the minimum income guarantee or the basic pension, but into complicated and indiscriminate special payments such as the winter fuel payment? Does he not realise that pensioners find these allowances patronising and intrusive? They would far rather have that money as part of their guaranteed weekly income, and that is what we offer them."—[*Official Report*, 9 November 2000; Vol. 356, c. 457.]

The situation in Scotland is concerning. I have already mentioned the fact that the party that claims to stand up for Scotland is conspicuous in its absence here today. Rural fuel poverty is a particular issue in Scotland, and I am concerned that fuel poverty continues to grow. A recent Government review concluded that fuel poverty is more prevalent in Scotland than in England, that fuel poverty is likely to increase further, and that the energy efficiency measures currently in place are not enough. Most damaging of all, it stated that existing fuel poverty programmes in Scotland are not focused on the fuel poor. Surely the SNP-led Scottish Executive have to accept some responsibility for the situation

I am pleased that the Government are reviewing their policies, and I welcome the fact that the review will examine all three causes of fuel poverty—prices, energy efficiency and income—which I have discussed today. I am pleased that the Government are not dragging their feet and are still committed to their 2016 targets. This Bill is designed to set the Government up to fail, rather than to achieve its stated goal. Co-operating with the Government's plans would be a much better way for people to achieve their goals, if they wanted to. Uncosted and unrealistic, this Bill, sadly, has to fail.

**Mr. Heath:** *claimed to move the closure (Standing Order No. 36).*

*Question put forthwith,* That the Question be now put.

*The House divided:* Ayes 89, Noes 2.

**Division No. 81]** **[1.29 pm**

**AYES**

| | |
|---|---|
| Ainsworth, Mr. Peter | Gidley, Sandra |
| Alexander, Danny | Godsiff, Mr. Roger |
| Baker, Norman | Goldsworthy, Julia |
| Beith, rh Sir Alan | Green, Damian |
| Beresford, Sir Paul | Greening, Justine |
| Bottomley, Peter | Grogan, Mr. John |
| Brake, Tom | Gummer, rh Mr. John |
| Breed, Mr. Colin | Hancock, Mr. Mike |
| Brooke, Annette | Hands, Mr. Greg |
| Burstow, Mr. Paul | Harris, Dr. Evan |
| Burt, Lorely | Harvey, Nick |
| Byers, rh Mr. Stephen | Heald, Mr. Oliver |
| Cable, Dr. Vincent | Heath, Mr. David |
| Caton, Mr. Martin | Hemming, John |
| Clark, Ms Katy | Hendry, Charles |
| Corbyn, Jeremy | Hoey, Kate |
| Cousins, Jim | Hollobone, Mr. Philip |
| Cox, Mr. Geoffrey | Holmes, Paul |
| Davey, Mr. Edward | Hopkins, Kelvin |
| Dobson, rh Frank | Horam, Mr. John |
| Dowd, Jim | Horwood, Martin |
| Duddridge, James | Howarth, David |
| Dunne, Mr. Philip | Howarth, Mr. Gerald |
| Farron, Tim | Hoyle, Mr. Lindsay |
| Featherstone, Lynne | Hughes, Simon |
| Field, rh Mr. Frank | Huhne, Chris |
| Foster, Mr. Don | Hunter, Mark |

| | |
|---|---|
| Jackson, Glenda | Russell, Bob |
| Jones, Lynne | Salter, Martin |
| Keetch, Mr. Paul | Skinner, Mr. Dennis |
| Kramer, Susan | Steen, Mr. Anthony |
| Lamb, Norman | Stunell, Andrew |
| Leech, Mr. John | Taylor, Matthew |
| Linton, Martin | Teather, Sarah |
| Loughton, Tim | Truswell, Mr. Paul |
| McCafferty, Chris | Turner, Dr. Desmond |
| McDonnell, John | Viggers, Sir Peter |
| Moore, Mr. Michael | Webb, Steve |
| Mulholland, Greg | Williams, rh Mr. Alan |
| Öpik, Lembit | Williams, Mark |
| Owen, Albert | Williams, Mr. Roger |
| Pelling, Mr. Andrew | Williams, Stephen |
| Randall, Mr. John | Wright, Jeremy |
| Reid, Mr. Alan | **Tellers for the Ayes:** |
| Riordan, Mrs. Linda | **Dan Rogerson and** |
| Rowen, Paul | **Richard Younger-Ross** |

**NOES**

| | |
|---|---|
| Brown, rh Mr. Nicholas | **Tellers for the Noes:** |
| Cousins, Jim | **Stephen Pound and** |
| | **Mr. Andrew Dismore** |

*The Deputy Speaker declared that the Question was not decided in the affirmative because fewer than 100 Members voted in the majority in support of the motion (Standing Order No. 37).*

*Debate resumed.*

1.40 pm

**Emily Thornberry** (Islington, South and Finsbury) (Lab): May I begin by apologising for not being able to be here earlier today? I had a surgery in my constituency at the Golden Lane campus, a new school that was opened yesterday by Princess Anne.

Some of the people who came to see me at my surgery wanted to talk about this particularly important issue. I do not know whether one woman who came—she lives at Quaker court—would fall under the definition of being in fuel poverty; certainly, she feels that she does. Hers is a very good example of how complex the fuel poverty issue can be. Her problem is that she is in a three-bedroomed flat in Quaker court, shares a bed with her four-year-old son, has two other sons in another bedroom and a teenager in the third bedroom, and their water-heating system is not big enough for them all to have a shower. She contacted the energy companies and asked for some assistance, and was told that if she wanted to get a new combi boiler, it would cost £3,000. She simply does not have the money to ensure that she has enough hot water to keep her children clean.

Of course, an associated problem is that that person's household is simply too large for the flat into which she has been put. As some in the House may know, Quaker court overlooks the site of what used to be a school, but which unfortunately my local authority recently sold off. Instead of its building larger homes for people such as her, there will be yet more student accommodation.

This person, this victim of fuel poverty, seemed to me a very good example of how the causes of fuel poverty can be very complex and varied. Fuel poverty is an issue of huge importance to my constituents, particularly after the very difficult winter that we have all been through in the south of England. Many of them have been contacting me about fuel poverty and—again as a result of the weather—about the huge amount of flooding that has occurred and the dampness of flats.

All of us agree that people should not continue to suffer from fuel poverty in this day and age. I feel very strongly about this issue. When I was a child, we lived in a very large house. My mother was on benefits and we had a great shed next door where we used to keep our coal—until it ran out. However, we did have 2 ft of coal dust, and my mother used to try to keep the fire going with it. She was always worried that we would run out of coal dust before the winter finished. We used to keep our coats on in the house, and ice used to form on the inside of the windows. In the end, our problem was solved for us: the bailiffs turned up and chucked us out, so we went into social housing—a smaller house that, thankfully, had a better heating system. The issue of children in fuel poverty is one that I feel very strongly about.

As my hon. Friend the Member for Ealing, North (Stephen Pound) pointed out, this debate is about not just fuel poverty, but what we are going to do about it. It is not an issue on which it is of any assistance to any of my constituents for us simply to grandstand. We need to know what it is that we can actually do, and we need to be involved in real politics to make real change for people and to ask what the best ways are of tackling fuel poverty.

The common way of approaching the problem is to think of the three forces that drive it: low incomes, high prices and poor energy efficiency. The hon. Member for North Southwark and Bermondsey (Simon Hughes) talked about social housing as a possible solution to the problem in itself, but I am afraid that my experience shows that that is not necessarily the case. A couple of women came to see me who are in social housing in 67 Graham street—in new build built by the Notting Hill Housing Trust. I wrote to the trust asking why they had such huge bills, and was told that the properties passed the decent homes test and other tests relating to the thermal comfort criteria within the decent homes standard.

Nevertheless, the women came to speak to me about their huge bills and those of their neighbours. For example, a woman in a one-bedroomed flat is paying £40 a week for her heating. Another woman in a four-bedroomed flat is paying £50 a week for her heating. She says that she has turned off her heating, yet her weekly electricity bill is still £50. People in those flats are switching off their heating so that they are able to pay their electricity bills. The problem with the heating in those flats is that they have what is called a ceiling heater. The heat hits the top of the flats but does not percolate down to the people at the bottom.

That means that people in that block have bills of, for example, £40 a week, or £50 a week not including the heating. One resident pays £40 to £50 a week and says:

"We have switched the heating off. We only use the cooker."

Another, who has a bill of £25 a week for a one-bedroomed flat, says

"but we're not using the heater."

Another resident pays £50 a week and says that that does not include heating. In another flat in the same block, the resident pays £40 a week and comments:

"Can't heat up the flat. Only do it on Saturdays."

In a one-bedroomed flat where only one heater is on at a time, the weekly electricity bill is £55 a week. In other one-bedroomed flats, people are paying £25 or £30 a week for electricity but, again, that does not include heating. It seems that despite the snow and the temperatures over the past winter, people in an entire block have not been switching on their heating, yet they continue to get huge bills.

I wholeheartedly support the Bill's definition of fuel poverty, which is:

"A 'household in fuel poverty' is a household that would need to spend at least 10 per cent of its disposable income on all fuel use in order to achieve a temperature of 21°C".

The people in the new build social housing that I have described must spend a great deal more than that, which tends to show that the problem is more complex.

**Simon Hughes:** To clarify the point that I made earlier, I was extolling the virtues of council housing, rather than social housing—that is, housing associations—which often does not achieve the good standards that good council housing has achieved.

**Emily Thornberry:** I am grateful to the hon. Gentleman. Let me refer him to the case of another individual who contacted me. He is a leaseholder, and I know that the issue is close to the hon. Gentleman's heart. That gentleman bought his council accommodation believing that that was the best thing to do in the 1980s and thought that it would be a way of investing for the future.

The decent homes standard and its implementation is one of the great achievements of this Government and one that I support wholeheartedly, but what disturbs me hugely is that when residents of a block are told that it is to be put into the decent home standard, it is a matter of dread for a substantial minority living in that block because they are so worried about the major works bills.

The gentleman contacted me to make it clear that he could not afford to pay the bills that the council had sent out for doing up the block, and went into some detail about the costs that he had to meet in order to survive. The paragraph relevant to today's debate is this:

"I become overdrawn practically every month due to all the payments that I have to make. The pension credit and disability living allowance is just not enough for a couple to survive on when all these payments are due. The DWP gave a winter heating allowance of £200, this was much appreciated but when you consider that the total for our gas and electricity bill for the final quarter of the year was in excess of £360, the allowance doesn't actually cover it. Surely the government need to make sure the allowance matches the huge price hike put forward by companies such as British Gas."

People have bought their council flats but cannot afford to meet the cost of a major works programme. On top of that, their heating costs too much—much more than it ought to, and much more than their incomes. That is why, for all of us, particularly for those of us who represent poor and deprived communities, it is such a major issue. We are extremely concerned about what will happen. With climate change and the unpredictability of the weather, constituencies such as mine in the south of England will be hit by colder weather than we have ever experienced before.

We have to ensure that our homes are sound and warm, and that we address the problem of fuel poverty. The question is whether this private Member's Bill is a practical way to address that problem. I have a number of concerns about the Bill. I have been able to hear some of the debate, and I found it informative. I am concerned about some of the questions raised this morning, but I welcome the fact that the Government are reviewing the issue of fuel poverty and I will look to see what they can do to ensure that we address the problem properly. The ladies from 67 Graham street, the leaseholder whom I mentioned and the woman who came to see me in my surgery today all depend on the Government to address the problem properly and find a solution. I suspect, however, that the solution cannot be found in the Bill.

1.51 pm

**The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock):** It is a great pleasure to follow my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry), who made some telling points in an excellent speech. She always has her constituents' welfare very much at heart, and I appreciate her coming here following her surgery today. I congratulate the hon. Member for Somerton and Frome (Mr. Heath) on his perseverance, on his success in gaining a place in the ballot and on how he has presented his Bill. I am grateful to him for acknowledging the work being done by the Government and for allowing us to have this important debate.

I have always valued private Members' Bills, not least because I have successfully piloted two such Bills of my own, under Conservative and Labour Governments. I also pay tribute to Ron Bailey, with whom I worked closely on my Bills, although he has not been so engaged with us on this one. Both my Bills were environmental Bills and both presented the Governments with challenges. But the secret of a private Member's Bill's success is the choice of something additional to what the Government are already doing and something that can be complementary to an established policy direction.

Unhappily, this Bill is designed in such a way as to cut across everything that the Government have been doing on fuel poverty and, even more importantly, across the detailed work being done on the strategy in the light of changing circumstances. It also cuts across the consultations already in the public domain on future Government policies on heat saving and energy saving in this country.

The hon. Member for Somerton and Frome suggested that what he was presenting was compatible with our plans, but I am sorry to say that it is certainly not. My hon. Friend the Member for Ealing, North (Stephen Pound) suggested that the Bill was just aspirational or permissive. It is neither.

**Mr. Heath:** This is a crucial part of the argument between us. The Minister says that the Bill is incompatible with her plans. I should like her to say why. Presumably, she intends to have a strategy at some point. If so, will she tell me the time scale that she envisages for getting it in place, so that I can amend my Bill to make it compatible with her plans? As I have said all along, I am keen to work with the Government on this issue, not against them.

**Joan Ruddock:** I appreciate the hon. Gentleman's willingness to work with the Government. Unfortunately, I think that he has been poorly advised. As I will go on to say, the point central to his Bill and how it is framed, as he acknowledged today, is that there is an absolute duty. The other issues are to do with the consultations being conducted, which cannot be prejudged in respect of our adopting a new and different fuel poverty strategy from that which exists under current legislation.

Fuel poverty and energy efficiency are huge and complex subjects of which we now have considerable experience. When I became a Minister at the Department of Energy and Climate Change, I was delighted to have the portfolio because it is an important part of the Government's progressive agenda for people and the environment. It quickly became apparent that the huge rises in fuel prices had driven the achieving of our targets off course.

I share the concern of all those both inside and outside the House for people whose lives are blighted by living in the cold. As the hon. Member for Somerton and Frome said so passionately in his opening remarks, it cannot be right. I share the genuine sentiments expressed by Members on both Opposition Benches and I thank them for their compliments. It is because we are deeply concerned that we have had, and continue to have, a raft of measures in place and have increased funding in the current spending round.

Understandably, however, non-governmental organisations with an interest in the field have spoken up on behalf of their constituents. That is their job and we respect them for it, but the Government have to take decisions for the whole country and the whole economy. That is why when the Warm Homes and Energy Conservation Act 2000 came into force, it set targets that the Government had to reach

"as far as reasonably practicable".

That is all any Government could commit to do in primary legislation.

The Bill would remove that consideration from the duty on Government and I am extremely grateful to my hon. Friend the Member for Hendon (Mr. Dismore) for so clearly setting out why the Bill would not work. Under existing legislation, a person is defined as living in fuel poverty if they are a member of a household living on a lower income and in a home that cannot be kept warm at reasonable cost. The Government's fuel poverty strategy sets out that being fuel poor means spending more than 10 per cent. of income on fuel to maintain a satisfactory heating regime, generally defined as 21° C in the living room and 18° C in the bedroom.

Fuel poverty is not just about income, however; it is a complex interaction between fuel costs, household income and household energy efficiency. All three factors are variable, in that households can go into and out of fuel poverty, as the hon. Member for Wealden (Charles Hendry) effectively outlined in his speech. A person on a low income with an unclaimed benefit entitlement can be taken out of fuel poverty simply by making a successful claim and, as he suggested, a person who is not in fuel poverty could become so on the loss of their job.

Critically, if fuel prices rise dramatically, as they have done in recent years, large numbers of people will become fuel poor regardless of all other circumstances. My right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson) made a powerful speech on the subject of fuel prices. My right hon. Friend the Prime Minister has used his very best efforts for an international agreement to put controls on the steep rises in the price of the energy we all require. Furthermore, we now face unprecedented times of global recession.

Our first and overwhelming objection to the Bill is its attempt to impose an absolute duty on Government. Clearly, that is a response to the recent High Court judgment, to which my hon. Friend the Member for Hendon referred.

**Mr. Burstow:** In the remainder of her speech will the Minister make clear to the House her and the Government's intentions? These matters, especially the issue she has just raised, can be addressed in Committee by amendment and debate, and a different Bill could emerge. Is it her intention to speak at such length so as to avoid giving the House the opportunity to divide on the Bill?

**Joan Ruddock:** The hon. Gentleman may have noticed that it was the will of the House that I have only just begun my speech, because so many Members wish to contribute to the debate. I have an enormous number of questions to which to respond and, in addition, I want to make clear to the House what the Government are doing. Some—if not all—of the remarks that have been made today appear to be suggesting that we have not put our backs into the issue and that we are not determined to reach our goal of ending fuel poverty for all by 2016. I need time to explain those matters to the House.

In response to the hon. Gentleman's point about amendment in Committee, we have made it clear to those who sponsored the Bill and advised on it that the duty was a key point. The promoter is very much aware of that. The provision was in the draft Bill, and when it was published—only at the end of last week—it was still there.

**Simon Hughes:** I think that my hon. Friend the Member for Somerton and Frome (Mr. Heath) would be willing to consider applying the sort of principle that is used in the Climate Change Act 2008, which was passed by the Government only in November. That Act imposes an absolute duty, but has a qualification in case external circumstances change. However, I have not negotiated that with him. Let me say, from the Front Bench, that if the Minister has the good faith that I know she has long shown on environmental issues, and given the wisdom, commitment and good faith of my hon. Friend, we could come up with a measure in Committee with which the Government and my hon. Friend would be satisfied.

**Joan Ruddock:** May I explain why I find it difficult to accept that? The opportunity was there in the Bill. We have considered very carefully what the motivation might be behind introducing the Bill. I believe—in fact it has, I think, been confirmed—that it is a response to the recent High Court judgment, which I know is on appeal. The judgment was in favour of the Government on the issue of our fuel poverty strategy. We interpret the Bill—I refer once again to the remarks made by my hon. Friend the Member for Hendon—to mean that in future, no matter what the factors outside the Government's control, the Government would be held to an absolute

duty. Taken to its logical conclusion, that suggests that if the matter were tested in court, the expectation is that the Government would be ordered to comply with the duty to the exclusion of everything else.

In support of what I am saying, may I bring to bear the comments of the Association for the Conservation of Energy? ACE, which I understand is the drafter of the Bill, described the High Court ruling as having made the targets

"in effect discretionary, not absolute."

It goes on to say that that was "a bitter blow", and it says that the Bill would

"reinstate the duty to end fuel poverty."

That is an absolutist position, and it cannot be acceptable to any Government. Let me be absolutely clear: the current legislation has not been overturned. The strategy remains in place, as do the policies that go with it as well as our commitment to meeting the 2016 target of ending fuel poverty as far as is reasonably practicable.

My hon. Friend the Member for Chorley (Mr. Hoyle) referred to the number of people who have gone out of fuel poverty. Between 1996 and 2004, the number of households in fuel poverty fell from 6.5 million to around 2 million. Those were times of low energy prices, and the figures clearly demonstrate the impact of price factors and rises in income levels over that period. It is worthy of note that if energy prices were to fall back to 2003 levels for a sustained period, the number of fuel poor would be likely to fall below the number recorded in 2003, as a result of the rise in average incomes and in household efficiency since that time. So it is a moving target.

As I said earlier, the number of households in fuel poverty and the identity of the householder do not remain static. Around two thirds of fuel-poor households are found in the lowest income decile. Research shows that over half of all fuel-poor households contain at least one person over the age of 60, and 40 per cent. of fuel-poor households contain somebody with a long-term illness or disability. As regards the energy efficiency of properties occupied by the fuel poor, 40 per cent. had a standard assessment procedure rating of less than 30, and so were within band F. The average figure in England is 50, which is within band E. Just 1 per cent. of those in fuel poverty lived in a property with a rating of more than 65.

The latest available figures for the number of those in fuel poverty, which have been quoted today, were for 2006, but we have made estimates for increases since then that suggest that, last year, the figure in England probably went beyond 3.5 million people.

The Bill takes a radically different approach towards addressing fuel poverty from that of the existing strategy, despite the fact that that strategy was the subject of extensive consultation with the same organisations and non-governmental organisations as those consulted by the hon. Member for Somerton and Frome, and was probably supported by all those who seek to promote the Bill. Our strategy aims to tackle, as far as reasonably practicable, the three determining factors that contribute to fuel poverty.

Let me take prices first. As I have said, the Government have little influence over global trends. However, we are tasking Ofgem with providing more advice and action on prices. We know from its first returns that retail costs peaked in December 2008, a few months after the peak in wholesale prices. We have repeatedly called for energy suppliers to pass on the reductions and now all the major household energy suppliers have cut at least some of their tariffs. Ministerial colleagues and I have made it abundantly clear that we believe that more could be done.

We have also welcomed the Ofgem probe that identified several matters of cause for concern. Such concerns have been frequently highlighted in this Chamber, and they were highlighted passionately today by my hon. Friend the Member for Slough (Fiona Mactaggart). According to Ofgem's analysis, standard credit customers and some high-consumption prepayment meter customers were paying a higher premium in comparison with direct debit customers than could be justified by the cost differential associated with those payment methods. Furthermore, some online direct debit tariffs were at least initially below cost.

Suppliers have already changed some of their pricing in response to Ofgem's findings and they have responded to pressure from the Government and Ofgem in recent months, with more than £300 million being taken off the premiums paid by customers, including prepayment meter users. They have indicated that further savings of £200 million will be made for those off the gas grid. It is important that consumers can have confidence that pricing will be fair in the future, too. Ofgem has just consulted on a range of potential remedies to ensure that and they include requiring the prices charged for different payment methods to be cost reflective and prohibiting unfair price discrimination or cross-subsidisation between gas and electricity customers. I expect Ofgem to announce the outcome of its consultation shortly as well as to set out how it will take work forward to ensure that customers get a fairer deal.

We expect suppliers to co-operate with Ofgem and agree to the necessary changes to licences. However, the Government have made it clear that should that agreement not be forthcoming, we will not hesitate to act to ensure that the necessary protections are put in place. The most recent statistics show that in England about 18 per cent. of the fuel poor use prepayment meters for electricity and 12 per cent. use them for gas. As my hon. Friend the Member for Slough told us, some customers on token prepayment meters, many of whom are struggling to make ends meet, can suddenly find themselves in debt after their supplier has backdated price increases when meters are reset or replaced. I would therefore urge suppliers, in the light of their social obligations, to treat those facing payment difficulties as sensitively as possible during the process of replacing token meters. Of course, I am happy to look at my hon. Friend's suggestions.

My hon. Friend the Member for Chorley described how sharp rises in direct debits are an unwelcome shock to households. These rises can be justified, but suppliers must explain changes clearly and exercise the kind of care that my hon. Friend seeks. I am sure that Members will welcome the fact that the Secretary of State for Energy and Climate Change has written to E.ON to ask that vulnerable prepayment customers are not given large backdated bills.

Ofgem has identified as a key problem the inadequate explanations from suppliers about their rationale for changing direct debits and the methodology for setting them. It is consulting on new rules to enable consumers

*[Joan Ruddock]*

properly to assess whether new rates are appropriate. We look forward to seeing the results from that consultation. The Bill would not remedy those problems, but we are determined to do so. Unfair pricing must end, as my hon. Friend the Member for Dundee, West (Mr. McGovern) said. It is our intention to take action if Ofgem does not achieve the changes that we believe to be necessary.

This brings me to the direct financial support that the Government have given to tackle fuel poverty. Since 2000, we have spent more than £20 billion on payments and services. The winter fuel payment was introduced for pensioners in an attempt to help those in fuel poverty and to reassure those who were afraid to turn up their heating in cold weather. Its value has increased from just £20 in 1997-98 to £250 this year for all pensioners, and £400 for the over-80s. There was an interesting exchange between the hon. and learned Member for Torridge and West Devon (Mr. Cox) and my hon. Friend the Member for Ealing, North about the value of means-testing and universal benefits. This is a live debate, but, as I have said, the winter fuel payment was introduced not only to tackle fuel poverty but to give reassurance to a wider group of pensioners. Winter fuel bills account for 60 per cent. of the year's total fuel bill, and the payments make a substantial contribution to meeting them.

Cold weather payments have also featured in the debate. Fortuitously, the payments were increased this year from £8.50 a week to £25 a week. Owing to the winter being excessively cold, we have so far paid an estimated 8.3 million cold weather payments, based on the temperature criterion for Great Britain being met up to 15 March. That is more than 1 million more payments than the previous highest level, and more than the combined total for the past seven years. An estimated £209 million has been paid, which is more than three times the previous highest level, and more than the combined total for the past 15 years. I regret the circumstances described by my hon. Friend the Member for Slough, and I hope that the point she made about her pensioner constituents failing to receive such payments will have been heard by my colleagues at the Department for Work and Pensions.

I was also asked about weather stations. The scheme links groups of postcode areas to weather stations that report to the Met Office on a daily basis. Each postcode area is assigned to a station with the most similar mean weather temperature. It is not necessarily assigned to the nearest station. I appreciate that some hon. Members might not find that satisfactory, but that is the explanation. We also attempt to provide a further income boost by including benefit checks in some of our specific fuel poverty delivery programmes.

After prices and incomes, the third, vital factor influencing fuel poverty is, of course, the energy efficiency of homes. That is the basis of the Bill before us today. I acknowledge that the UK's housing stock falls far behind that of most of our continental neighbours, and that all Governments—and, indeed, the building and construction industry, and householders—have been slow to insulate our houses. This is undoubtedly a legacy of earlier cheap energy.

That is why obligations have been placed on energy companies to deliver energy efficiency measures to households. Building on a previous obligation, we have introduced the carbon emissions reduction target, which runs until 2011. Forty per cent. of that programme of insulation must be directed at a priority group—including the most vulnerable people. Through the CERT, the energy suppliers are required to deliver carbon savings, which are provided through the installation of energy efficiency measures, and we are now consulting on increasing the target for 2008 to 2011 by some 20 per cent. It is estimated that that would drive about £560 million of energy supplier investment into households across Britain, £300 million of which is expected to be in the priority group of households. In total, we expect energy suppliers to need to invest about £1.9 billion in energy efficiency and low-carbon measures into priority group households across Britain between 2008 and 2011.

Overall, those vulnerable customers are more likely than the average householder to be in danger of falling into fuel poverty, and vulnerability to fuel poverty increases with age. Among householders aged 70 or more who do not claim benefit, the average fuel poverty level is around 50 per cent. higher than in the overall population. That is why we have expanded the priority group to include not just low-income customers, but all elderly customers aged 70 and over.

Through the CERT, a range of traditional energy efficiency measures are installed, and there is also an incentive to encourage the insulation of more costly measures appropriate for hard-to-treat homes, which was raised by several hon. Members today. We believe that this is an important step, which has already resulted in some 40,000 homes benefiting from solid-wall insulation in the past three years. By 2011, it is estimated that the CERT will have contributed to around 6 million households to realise significant energy bill savings.

Another area of major activity on energy efficiency, benefiting many poor households, is, of course, the decent homes programme, which has already been referred to in the debate. In the social housing sector, the decent homes programme has helped to transform the standards of many homes; the work completed or planned will have had such an impact by 2010 that we expect 95 per cent. of social housing to have met or exceed the standards set, including the provision of a reasonable degree of thermal comfort.

When we came to power in 1997, we faced a backlog of repairs with a value of £19 billion. Some 2 million homes were failing to meet the basic decency standards and it is only through the sustained and long-term commitment that we have set out, and our ensuring that it is delivered, that we can hope to transform that vital part of the housing stock. We set a target in 2001 to make all social housing decent by 2010. As I have indicated, more than £29 billion has been invested since 1997 and the number of non-decent social homes has been reduced by more than a million. Between 2001 and 2008, we put in more than 1 million new central heating systems into council homes. From my own constituency experience, I recall that I used to have many people coming to see me year after year to complain that their council houses were bitterly cold in the winter, but, recently, no one has come to see me with that particular complaint.

A total of more than £40 million will have been invested by the end of 2010 and work will have been completed on 3.6 million homes, with improvements for 8 million people in total, including 2.5 million

children. I can thus echo the sentiment expressed by the hon. Member for North Southwark and Bermondsey (Simon Hughes) about the significant contribution made by council housing to energy efficiency.

All those are important considerations, but the Warm Front scheme remains the Government's main programme for tackling fuel poverty in the private sector, having developed from the original home energy efficiency scheme. Warm Front has assisted almost 2 million households since its inception in June 2000. Last year alone, we assisted almost 270,000 households, and this included the provision of insulation for more than 58,000 lofts, filling more than 30,000 cavity walls, installing 20,000 new central heating systems and providing 74,000 new boilers. Since 2000, the Government have provided more than £1.8 billion of funding for Warm Front, which is unprecedented in the level of investment and commitment to delivering energy efficiency measures to vulnerable households.

**Mr. Dismore:** Warm Front has been a real success, but the Minister will have heard the various concerns expressed about it in the debate, particularly the lack of competition and what appears to be a tendency to over-pricing and poor workmanship. Will she comment on that?

**Joan Ruddock:** I will, as it is absolutely my intention to respond to the debate, which I will do in just a few minutes' time.

I wanted just to remind everyone that we have increased funding to more £950 million in the current spending round until March 2011, including an increase of £74 million announced in September and a further increase of £100 million in the pre-Budget report. We are also providing £50 million to ensure that people receive the help that they need sooner rather than later.

As was pointed out by my hon. Friend the Member for Dundee, West, it appears to be Conservative party policy to cut the budget of the Department of Energy and Climate Change. That would put these programmes at risk, although I took what was said by the hon. Member for Wealden as a plea for us to put even more money into the Warm Front scheme.

**Charles Hendry:** My point was that although the Government might have put £100 million back into the scheme, there is still £76 million less than there was before they took out £100-odd million. The Government may make big noises about how much they are putting back, but the fact remains that the original amount has been cut.

**Joan Ruddock:** We are putting £350 million into a new community energy-saving programme. Adjustments are being made. We know that we need to make changes. However, we are making a huge investment.

Members have raised issues relating to Warm Front, eaga and contracts. We are very alive to the issues that have been raised with us, both today and in letters to the Department and to me. We are examining the existing contract in depth to ensure that it provides value for money and is being run as it should be. Indeed, we are examining all aspects of the Warm Front scheme, because the contract ends in 2010. We want all the benefits that we think we can obtain from the scheme to be in place during the forthcoming financial year, and we want to improve the scheme wherever that is possible.

In the longer term, we will look at delivery models. We understand the point that has been made on the subject. Companies directly related to eaga were set up at one point because there were problems with finding sufficient installers, and there was a capacity problem. Whether the same model is appropriate for the future is an issue that we are happy to hear debated.

As we review all aspects of our fuel poverty programme and examine the Warm Front scheme in depth, we are keen to tackle some of the problems that have been raised in relation to targeting, the contributions that people must make, and better technologies. For instance, we are considering the introduction of low-carbon alternative technologies. We are in the process of installing 125 solar thermal units to establish whether the fuel savings are as expected, and to assess their suitability for use by vulnerable households. We are also developing a pilot for the inclusion of air source heat pumps to be fitted under the Warm Front scheme.

As well as providing installations and insulation under the scheme, we carry out benefit checks. Previously such checks were offered only to applicants who were not eligible for a Warm Front grant, but in 2007 we announced that the service would be widened to all Warm Front applicants. That has made a tremendous difference. Since April 2008, over 65,000 benefit entitlement checks have been completed. A new or additional benefit eligibility has been identified in 45 per cent. of cases, which has resulted in an average weekly increase in household income of £31 per applicant, or £1,600 per year.

The National Audit Office has raised a number of issues, as has the Select Committee, and we are responding to those representations. I pay tribute to my hon. Friends the Member for Chorley, for Hendon and for Rossendale and Darwen (Janet Anderson) for raising with me specific cases on behalf of their constituents. I assure them that in-depth consideration is being given to all of them.

What are we achieving through Government investment and the actions of energy companies? We are making steady progress in improving the energy efficiency of homes, while acknowledging that there is still a long way to go. The question is: does the Bill offer the best way of securing greater progress in the tackling of fuel poverty? It is not obvious that it does. One of the serious matters of debate for all of us who are concerned about fuel poverty is how to target programmes effectively, but the Bill offers no means of targeting households; rather it tackles buildings.

**Simon Hughes:** The Minister will be aware that we have six minutes left. The Conservative Front-Bench team, my hon. Friend the Member for Somerton and Frome (Mr. Heath), and the Liberal Democrat Front-Bench team have said that they are willing to collaborate to produce an acceptable Bill. Given that the Minister has now spoken for longer than anyone else, apart from my hon. Friend, would she be willing to consider taking her arguments into Committee, rather than continue them past 2.30, when the House will not have a chance to decide on the Bill today?

**Joan Ruddock:** I will check the record but I do not feel that I have spoken longer than other people. I have taken rather a lot of interventions.

**Mr. Dismore:** If we had not lost a quarter of an hour or 20 minutes on the fruitless Division earlier, my hon. Friend might have had time to end her remarks.

**Joan Ruddock:** I thank my hon. Friend for that intervention. I want to get to the crucial part of the debate, which is the issue of whether it is appropriate to put all the targets into the energy efficiency programmes and the particular bands that the Bill provides for. It is a perfectly legitimate approach, but the Government are already considering many more comprehensive programmes of energy efficiency. As it stands, the Bill proposes using standard assessment procedure ratings, and requiring all fuel-poor households, except those defined as hard to treat, to be upgraded to a SAP 81 rating by 2016. That ignores the diversity of the UK housing stock, more than 40 per cent. of which has a SAP rating of between 39 and 54, and ignores the diversity of the people in them. Coupled with an absolute duty, that is an extraordinary commitment to seek to bind any Government to.

Hon. Members seem sometimes to forget that there are only two ways of providing finance for such programmes. Either the obligation falls on the energy companies and they recoup the costs by loading them on to everyone else's bills, or the obligation falls on the taxpayer. While the principles behind the Bill—improving energy efficiency in a bid to prevent fuel poverty—are sound, the targets are uncosted, unrealistic and not thought through.

The Bill proposes that existing homes with fuel-poor inhabitants should be upgraded to a SAP 81 rating—that is, a band B grade—or a band C rating if they are hard-to-treat homes. As the hon. Member for Somerton and Frome has said, he is prepared to reduce that level, but it is currently estimated that only 1 million-odd homes in Britain today have been brought to the band C standard. Indeed only 30,000 properties in England are at the band B standard. The average SAP rating of all homes is only 50 at the moment. Therefore, even with the proposals that he might make, we think that this is an unrealistic target.

**Mr. Heath:** The hon. Lady knows perfectly well that I have already said that this is a matter that we can discuss in Committee. She is clearly determined to talk the Bill out today. I want her to address one issue. She has returned time and again to the legal duty, which she says is so abhorrent. I have a quotation from the hon. Member for Oldham, East and Saddleworth (Mr. Woolas), a former Minister in the Department. He said on 27 November 2007, only a couple of years ago,

> "I can assure you all that we remain committed to our legal duty under the Warm Homes Act to ending fuel poverty by 2010."

There were no caveats then. When did the Government change their minds on whether they should have a legal duty? Was it the Treasury, or was it simply because they are failing in their targets?

**Joan Ruddock:** The hon. Gentleman has completely ignored the points that have been made consistently from the Labour Benches. It is in the original legislation that was passed by the House—it is about what is reasonably practicable. We have not changed our mind. I have said repeatedly that we remain committed to our target.

The estimated cost of bringing a property up to the band C rating would be between £10,000 and £20,000, depending on the type of property. We think that to bring all properties currently occupied by fuel-poor households to at least SAP 81 rating, or indeed SAP 69 rating for hard-to-treat homes, would cost in the region of £50 billion. Although the technology is improving all the time, we cannot be sure at this stage that the technology will exist to bring all existing homes up to the required standard, by the time proposed in the Bill. Regrettably, therefore, we cannot accept these proposals as the right way forward, but that does not mean that we do not accept the imperative to make a step change in domestic energy efficiency to meet both our climate change and fuel poverty agendas.

Since my Department was formed just six months ago—

2.30 pm

*The debate stood adjourned (Standing Order No. 11(2)).*

*Ordered,* That the debate be resumed on Friday 12 June.

## Business without Debate

### PROTECTION OF CHILDREN (ENCRYPTED MATERIAL) BILL

*Motion made,* That the Bill be now read a Second time.

**Hon. Members:** Object.

*Bill to be read a Second time on Friday 8 May.*

### BRITISH MUSEUM ACT 1963 (AMENDMENT) BILL

*Motion made,* That the Bill be now read a Second time.

**Hon. Members:** Object.

*Bill to be read a Second time on Friday 15 May.*

### PROTECTION OF GARDEN LAND (DEVELOPMENT CONTROL) BILL

*Motion made,* That the Bill be now read a Second time.

**Hon. Members:** Object.

*Bill to be read a Second time on Friday 12 June.*

### AIRPORT EXPANSION (PARLIAMENTARY APPROVAL) BILL

*Motion made,* That the Bill be now read a Second time.

**Hon. Members:** Object.

*Bill to be read a Second time on Friday 12 June.*

### SCOTTISH BANKNOTES (ACCEPTABILITY IN UNITED KINGDOM) BILL

*Resumption of adjourned debate on Question (6 March),* That the Bill be now read a Second time.

**Hon. Members:** Object.

*Debate to be resumed on Friday 27 March.*

## Royal Hospital Haslar

*Motion made, and Question proposed,* That this House do now adjourn.—*(Barbara Keeley.)*

2.31 pm

**Sir Peter Viggers** (Gosport) (Con): I am grateful for this opportunity to raise in the House the issue of the Royal Hospital Haslar. It has been raised before. I have maintained to colleagues that it is the best-known hospital in the House of Commons, and the file on the subject is 1 ft high.

The Haslar site was bought in 1745. It is a glorious 55-acre site overlooking the mouth of Portsmouth harbour, and it became the first purpose-built hospital for the Royal Navy. It was opened in 1754 and took some 1,800 patients. Its distinctive high walls were there to prevent the patients from escaping should they wish to do so, having been press-ganged into the Navy initially. It is historically very interesting. The expression "up the creek" refers to Haslar creek, which is not a good place to be. It was for years the main home of the Royal Naval Medical Service, but following changes it eventually became the only military hospital in the United Kingdom, and was renamed the Royal Hospital Haslar. That was the position on 10 December 1998. On that date, the Government announced they were proposing that the military forces withdraw from Haslar, and it was stated that the hospital would close in about two years. In fact, some 10 years later the Royal Hospital Haslar is still there.

The decision at the time caused anger, distress and even outrage. A march in January 1999 was attended by 22,000 people, which was thought to be the largest number of people ever to protest about the closure of a hospital. We had every kind of demonstration. We had Save Haslar—hundreds of people holding torches pointing upwards, which was broadcast live on television. We also had every kind of rally and petition. Local feeling was extremely strong; there was a church vigil, I remember.

The concern was over two issues: the military aspect and the civilian aspect. In respect of the military aspect, the hospital was the home of the Defence Medical Services, and it was losing its home. The proposal was to build a new £200 million facility at Selly Oak in Birmingham, but that was scrapped for budget reasons. For many years, there had been shortfalls in the armed forces in a number of faculties, including general medicine, general surgery, orthopaedic surgery and anaesthetics. There has for many years been a problem in the medical forces, not so much with recruitment, because the armed forces pay for the training of young doctors and nurses, but with retention, which remains extremely poor. Were it not for the reserves, it would not be possible for the armed forces to have the medical back-up they so badly need.

The situation remains unresolved. There is a proposal to move some facilities to Lichfield, which is not convenient—to park the other facilities the other side of Birmingham. We maintain that the facilities at Fort Blockhouse should remain. The Ministry of Defence hospital units where military personnel work alongside civilians have much to say for them, because they give the military experience across a wide range of medicine and surgery. However, there is a problem, because the military personnel work alongside civilians, who, in many cases, earn more than they do and do not have to go to Afghanistan from time to time. That does not help the retention of personnel in the armed forces medical services.

I come to the civilian aspects of the loss of Haslar. We did warn, in what, I thought, were dramatic terms, that lives would be lost in the ambulance between Gosport and the Queen Alexandra hospital in Cosham as a result of the closure of the accident and emergency unit at Haslar, but what we did not know was that one of the first lives to be lost would be that of the local mayor. The situation is tragic, because there is a trade-off between the sophistication of the medical services and the speed of treatment. Although survey after survey shows that medical staff favour larger, sophisticated hospitals, survey after survey also shows that patients prefer to be treated fairly close to them, in their local facilities.

The affection for Haslar is not simply nostalgia; it is firmly rooted in decades of excellent surgery and medicine provided locally in a spotlessly clean and smart environment. There is little or no affection for the huge Queen Alexandra hospital in Cosham, which is inconvenient, from a transport point of view, for my constituents and has been built at a private finance initiative cost, over 30 years, of £1 billion. The journey to it is difficult and the hospital has inadequate car parking facilities. I know and respect the staff at Queen Alexandra hospital, but there is a long way to go before they have one fraction of the affection that Haslar hospital has in people's minds.

The 10-year battle for the retention of Haslar is still not over, although, in theory, the hospital will close in July 2009. There are huge planning problems in relation to the development of Haslar: it has 815,000 sq ft of buildings, 13 of which are grade II or grade II* listed; there are 60,000 graves on the site; the whole of the park and gardens has been identified by English Heritage as a site of national historical interest; and the local authority, Gosport borough council, has designated the area for health and community use.

Where do we go from here? The plan is to move on, and Defence Estates has commissioned the Prince's Regeneration Trust to carry out an inquiry by design report. Perhaps the best way for me to proceed is by reading a letter that I received recently from the private secretary to the Prince of Wales. It stated:

> "The approach we are taking is for the Enquiry by Design report to be included in the marketing pack for the site so that developers can see and appreciate the site's potential and His Royal Highness' involvement."

The Prince's Regeneration Trust report is, indeed, an extremely useful starting point, which goes into great detail. Most local people feel that it is an extremely helpful starting point when considering what should happen to the site.

The good news is that very many people and institutions wish to be involved in the Haslar site, including a business syndicate that I have met, which is a leading developer with a fine record of making use of historical buildings, other companies with health-related interests, and a number of service charities, including Help for Heroes and the Royal Naval Benevolent Trust. Many people feel that the site can usefully be used to continue the armed forces' existing role.

*[Sir Peter Viggers]*

I know the way in which government works: when a decision has been taken, people cannot turn it round, because the Government have made a decision and do not wish to go back on it. If one tries to say, as I tried to say to the Minister's ministerial colleague two days ago, when he was good enough to see me at the Ministry of Defence, that there is a future role for Haslar in an armed forces connection, people's eyes glaze over, because, as the French would say, it is a route barrée—one does not go that way.

I believe that if sufficient support can come forward for the evolution and development of Haslar, in due course the armed forces, having made their decision to close Haslar, will see that there are facilities there that are useful to them. Many of those connected with the service charities believe that too. There is a need for facilities for the armed forces to supplement those at Selly Oak, which are now widely regarded as excellent in their field, and the outstanding facilities at Headley court. There is an acceptance that post-traumatic stress disorder is manifested some 15 years after the event, and those suffering from it need further support in a services environment. There is also a need for convalescent and rehabilitation facilities to lie alongside those at Selly Oak and Headley court. Haslar could play a role in such provision.

My plea to the Minister today is to respect the traditions of Haslar and take a positive attitude to its continued use by encouraging local authorities and the Prince's Regeneration Trust to continue their work to find a role for Haslar, and not to allow it to close in July. If we work hard together, we could bring forward plans that would allow the gates to remain open after that date.

There is a sort of precedent. When Greenwich hospital became surplus to requirements, the proposal was that it should be sold and it was intended that very few restrictions would be put on its future use. The issue was put to the Select Committee on the Armed Forces Bill, which I happened to chair, and we consulted local people—we visited Greenwich and took evidence from them—and service personnel who took the view that the future use of Greenwich should be consistent with its traditions and historical record. The Committee passed that into legislation and that is why Greenwich is now used by Westminster university for purposes consistent with its historical tradition. It would be the right approach for Haslar to be treated similarly.

The best way to steer through the difficult planning problems—because the site is not a push-over for a developer, and it will be very difficult to extract development value from it—will be co-operation, and I ask for the Minister's good will. When Defence Estates has property surplus to its requirements, the rule is that it must seek to obtain the best price for it on behalf of the taxpayer. That is a reasonable view in most circumstances. However, special provisions must apply in the case of Haslar. Until recently, the MOD owned about one third of my constituency, and has only recently begun to dispose of land in the area. It is still a very large landowner there. My constituents feel strongly—I share their view—that when the MOD has had such a big footprint in an area, it owes that area a special responsibility when it disposes of the site. Indeed, the Minister will know that payment was made so that the Chatham dockyard could continue as a legacy site, and I maintain that the same situation applies at Haslar.

The only way round the best price rule is if a government body, such as a local authority, steps in and offers to take over the site and be responsible for it. If local authorities were to recognise the unique opportunity of the site as well as its needs, and step in this point—with the good will of Government—and bring to the table those who wish to use and operate the site, that would be a solution that would be welcomed by all. I look forward to hearing the Minister's response.

2.43 pm

**The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies):** I congratulate the hon. Member for Gosport (Sir Peter Viggers) on securing this debate. That is a fairly conventional compliment, but let me make two remarks that are rather more than that. First, it is entirely due to the hon. Gentleman's efforts over the years that the whole House knows something about the Haslar issue. I had heard about it years before I joined the Government, thanks to the hon. Gentleman. Secondly, it is entirely due to his tireless advocacy down the years that Haslar hospital has remained a working military hospital for so much longer than any other, and it is only recently that we have come to the reluctant conclusion that the logic of modern requirements for military medicine are such that we should cease to have any military involvement in Haslar. I understand that the local NHS does not wish to continue with the site as an NHS hospital.

The hon. Gentleman described the history of Haslar going back to the 18th century and the aesthetic and historical importance of the site. For those reasons, we can all well understand the emotional attachment to Haslar that many people feel. However, I think that he may now accept the decision taken by the Government to close our military hospitals. By the early 1990s, during the last period of Conservative government, it had already become clear that our hospitals did not have a sufficient patient volume or range of military cases to develop and maintain the skills of military medical personnel. Over time, that would have damaged the level of care that we could provide to our military patients.

Over the past decade, medical science has become ever more specialised. Only through day-to-day involvement in clinical practice are medical personnel able to maintain their skills and qualifications, enabling them to respond quickly and efficiently to a wide range of medical casualties. The necessary range and variety of experience and activity can be provided only in a large NHS hospital, with its large throughput of patients. To meet the training need, we have, as hon. Members know, established Ministry of Defence hospital units within NHS hospitals at Derriford, Frimley Park, Peterborough, Portsmouth and Northallerton, while the Royal Centre for Defence Medicine at Selly Oak hospital, Birmingham, has become the principal reception centre for military casualties. For some years, therefore, we have had no requirement for a military hospital in the UK.

On a typical day, I am pleased to say, we have barely enough in-patients in all the NHS hospitals in the UK to fill two wards. That would be insufficient to sustain even a single low-level civilian hospital, even if, in an attempt to maintain its viability, military patients were sent to it from all over the UK, even for simple and short clinical procedures—and that would be, to some extent, at the expense of the individual patients involved. It is no longer clinically viable to maintain even one military hospital in the UK. By using major NHS hospitals, we are obtaining quality clinical care for our injured service personnel that is second to none.

We first announced plans for the closure of Haslar in 1998. Since then, we have entered into a partnership with Portsmouth Hospitals NHS Trust, which has been responsible for the provision of medical services at the site. Military doctors and nurses have continued to work there alongside NHS civilian staff. They have continued to gain experience at Haslar in a range of clinical fields, including radiology and pathology. Later this year, once the redevelopment of its Queen Alexandra hospital at Cosham has been completed, the local NHS trust will have no requirement for facilities at Haslar and the services retained by the MOD can be transferred elsewhere. There will therefore be no requirement for the Haslar site. We are planning for clinical activity there to cease in July, as the hon. Gentleman said, and for the site to be handed over to Defence Estates for disposal by the end of the year. The service family accommodation will be vacated over the same period. Medical facilities and equipment are being transferred progressively to the NHS or being re-used elsewhere within the MOD.

It is because of its special importance and significance that we have considered carefully a wide range of proposed alternative uses for Haslar, including service, medical or welfare activities, but I am afraid that the simple fact is that the services no longer need the extra capacity that Haslar represents. We can effectively and efficiently provide the required services elsewhere. I know that others, including parts of the media, take a different view, particularly in relation to operational casualties, but the Healthcare Commission has very recently, and independently of Government, assessed the care given to operational casualties and our rehabilitation services as exemplary.

I know that the hon. Gentleman is concerned about the possibility of the site deteriorating once the hospital is closed. I assure him that we will put in place a programme designed to ensure that the buildings remain in a good condition after closure, with an emphasis on maintaining the integrity of the historical buildings.

With no further military need to retain the site, we are actively taking forward plans to market and dispose of it. As part of that process, in late 2007 we investigated whether other Departments had any interest in using the Haslar site. That was done through English Partnerships, which is now the Homes and Communities Agency. At that time, no expressions of interest were received, and we have received no indication since that such expressions are likely to arise.

As the hon. Gentleman said, given the heritage issues surrounding the site, and to ensure that these were given due regard, we commissioned the Prince's Regeneration Trust to assist us. One of the trust's first steps was to hold a community-based planning workshop, based on what are now known as inquiry by design principles. The workshop took place over three days in November last year. Key stakeholders who took part included English Heritage, Gosport borough council, Hampshire county council, Hampshire primary care trust, the Roger Saunders charities consortium, which included the Royal Naval Benevolent Trust, and the Save Haslar Task Force.

The Prince's Regeneration Trust produced its report on the inquiry in February. The report recognised that the site is unlikely to accommodate a single user or occupier of the entire existing accommodation. A consortium interest will therefore need to be encouraged and sustained, while planning options for re-use are developed. A key finding of the inquiry by design was that some form of additional development would be required to support re-use of the main hospital buildings and the associated infrastructure financially. The extent of such required development remains to be established. That said, it is possible that as much as 150,000 sq ft of residential development could be physically accommodated on site without detriment to the setting of the main hospital building. At this stage, however, it is simply too early to agree a draft master plan for the Haslar site, given that no key or primary users for the site have so far been identified.

I have mentioned the very important heritage aspects of the site. The inquiry was clear that a conservation approach should be adopted to restore and convert the listed buildings. Furthermore, any new building should respect the asymmetrical layout of the landscape and gardens. Maximum advantage should be taken of the sea views to make the site viable and attractive to a new purchaser. Those who have worked so hard to develop proposals to retain at least some medical presence on the site will be pleased to know that the inquiry supported that approach, as the hon. Gentleman said. We believe that the key to a successful future for the site will be for the market to determine the most appropriate mix of development. Of course, we do need to satisfy ourselves that the right development comes forward to secure a viable and sustainable future for the site and its historic buildings. Proposals will also have to have regard to the planning conditions set by Gosport borough council.

With that approach in mind, we are actively seeking expressions of interest from prospective private sector purchasers, including consortium interest. Of course, we would not exclude approaches from any source—from voluntary charitable organisations, local government or any other source. We have placed advertisements in property and medical journals inviting parties to register their interest. The initial marketing phase will be complete on 17 April. Evaluation of expressions of interest received will include careful scrutiny of conservation and heritage elements. I can assure the House that decisions will not be made solely on financial grounds.

I am grateful to the hon. Gentleman for raising this subject, which is of local and national interest, and I can assure him that we are committed to ensuring a long and prosperous future for the Haslar site. Our aim is to ensure that, even though our use has ended, Haslar will continue to contribute to the life and economy of the local community in Gosport, and that local people will be as proud of the site in its new guise as they have been of it in its old one. Of course, we take our

*[Mr. Quentin Davies]*

responsibilities very seriously and I repeat that we shall not merely take financial considerations into account; we will be well aware of our responsibilities in terms of the site's being of particular historic and aesthetic importance. To that end and through our consultation with Gosport borough council and other stakeholders—I am sure that the hon. Gentleman will continue to play a major part in those consultations—we shall seek to energise support for a new vision for Haslar.

*Question put and agreed to.*

2.54 pm

*House adjourned.*

# Westminster Hall

*Tuesday 10 March 2009*

[MR. GREG POPE *in the Chair*]

## GB Football Team (Olympics)

*Motion made, and Question proposed,* That the sitting be now adjourned.—*(Steve McCabe.)*

9.30 am

**Pete Wishart** (Perth and North Perthshire) (SNP): I welcome you to the Chair, Mr. Pope, for this short debate, which I hope you will find interesting. I want to take you back to 27 May 1972. It may not have been a special day for you, but it was important and significant to the young Master Wishart. It was the day of my Hampden baptism. I remember going along with my dad and some boyhood friends to watch Scotland play England in the old home internationals. That day filled my young boyhood senses. About 100,000 people were crammed into that tight space in Mount Florida, and the Hampden roar reverberated right around the south side of Glasgow. It was a fantastic day—a day that I would want for any of my countrymen and women. It was only slightly marred by the fact that Alan Ball came from absolutely nowhere and scored the only goal and winner for England, but that is what it is like to be a Scotland fan. One is on an incredible emotional rollercoaster, but I would not surrender my ticket for that rollercoaster for anything whatsoever.

I mention all that because the Scotland football team unites our community in a way that nothing else does. We are totally passionate about it. It is a great ambassador for our nation. When we started to re-emerge as a nation in the past 10 or 20 years, it was our international football team that, practically alone, gave us an international profile. What would international football be without the tartan army, those tartan-clad, Jimmy-wigged ambassadors and troubadours who invade foreign soil and turf with such good humour and good nature?

I mention all that because I feel privileged to stand here today to do and say something to try to defend and protect our national football team. That should be the job of all of us as legislators. If we were to take a decision, even inadvertently, that threatened the continuation of our national football team—even if there is only a one in 100 or even one in 1,000 chance—we should be dismissed out of hand. Our position should not be considered; we should be shredded, told to go away.

We should do absolutely nothing that would ever threaten our independent footballing status. We should never give a hint of a precedent that might be used against us in the future. We should give no reason or excuse to those who would question our independent footballing status, and no succour to those who would seek to end the very generous arrangements that we have in the United Kingdom. Our job is to protect our status, and that is what we should be doing.

The Government's proposals for a Team GB put that all aside. They are establishing the precedent, and giving a reason and excuses to those who would question our separate arrangements. I appeal to them to stop and not do anymore.

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe):** First, the proposals are not Government proposals. Secondly, does the hon. Gentleman think that football should be an Olympic sport?

**Pete Wishart:** I shall come to that in the course of my speech. The short answer is that I have no problem at all with football being an Olympic sport, but it will not be one of the most glamorous parts of the Olympics. Call me old-fashioned, but I believe that the best way to settle international football is through the traditional method: the World cup. That is where we should be determining international football champions, but I have no issue at all with football being a feature of the Olympics.

**Albert Owen** (Ynys Môn) (Lab): I congratulate the hon. Gentleman on securing this debate and giving us an opportunity to discuss sport, football and politics all together. He makes a strong point about the identity of the home nations, but Olympic sports are international championships—that applies to every sport. I do not know of an athlete in Wales who would not be proud to run for Wales in the Commonwealth games, and to wear the UK vest and run for Great Britain and, hopefully, win gold.

**Pete Wishart:** I am grateful to the hon. Gentleman for that intervention. There is not much in it with which I disagree. Yes, have a Team GB for the Olympics, if that is what he wants, but the key issue is whether it is worth it to question the future standing of international football teams, because that is what could happen. I can imagine a future FIFA board saying, "For the 2012 Olympics, Scotland, Northern Ireland, Wales and England were able to set aside their national football sides. Why can they not therefore do it for the World cup and the European championship?" Is it worth it? I say to him, not at all.

**John Mason** (Glasgow, East) (SNP): I congratulate my hon. Friend on securing this debate. Following on from the last intervention, would he agree that the main problem is that we would have the one Olympic team? In an ideal situation, we would have separate Olympic teams, and this would not be an issue. It is the anachronism of a united Olympic team that is causing the knock-on effect.

**Pete Wishart:** My hon. Friend makes a powerful point and is absolutely right. There is an elegant solution: if the Government are determined to have football in the Olympics, why not have all the international home teams compete in the Olympics? I see nothing wrong with that. I shall come to that important point later in my contribution, but I am grateful to him for raising it.

If what has been suggested is not a Government proposal, it certainly is a Government-supported proposal. I am sure that the Minister will speak about that later.

**Mr. Angus MacNeil** (Na h-Eileanan an Iar) (SNP): It might indeed be a Government-supported proposal, but it certainly does not seem to be supported by Scottish Labour MPs, whose absence this morning is glaring.

**Pete Wishart:** I just noticed that, and am grateful to my hon. Friend for pointing it out. There do not seem to be any other Scottish Members here, which is staggering. I am sure that *Hansard* will want to ensure that that is noted. They show a lack of interest by not even bothering to get out of bed to come here and discuss the thing that we in Scotland are most passionate about: our international football team. I shall leave that aside, but, looking at the threadbare Labour Benches—again, I shall not bother to comment.

For the first time in 50 years, we are setting aside all our home nations to come together for a team GB. Is it worth it? We talk about participating in the Olympics. I have heard all the figures, and I agree that it would be a great opportunity for all those under-23 young men to have an Olympic experience, but it is not how we settle international football competitions.

Let us look at how the massive sporting events are arranged. Every four years, there is the Olympics, and every four years there is the World cup. There are always two years between them, because they are the two biggest sporting occasions in the world. If we are having football in the Olympics, and the World cup, why do we not have international athletics as a warm-up to the World cup? If we are to go down this road, should we consider that?

The best way to settle the football world championship is the old-fashioned, tried and tested method of the World cup. That is where it is done. We are threatening and questioning our independent status as a footballing nation for a non-event in the Olympics, contested by an under-23 side. It will not even be a best side; the top stars will not be there. It will be a meaningless competition, and I say to the Minister that it will not be worth while.

Perhaps I could suggest a more sinister reason why the proposals have emerged in the past couple of years. I do not think that they are as much about football as about a particular agenda that our Prime Minister has: his Britishness agenda. He has form on the issue. My hon. Friends will remember clearly that when he was asked what his favourite sporting moment was, to try to ingratiate himself with English football fans and promote his Britishness agenda, he said that it was the day that Gazza scored against Scotland in the 1996 European championship. That goal broke Scottish football supporters' hearts, but it was our Prime Minister's favourite sporting moment.

We should not sacrifice our independent football team to make our Prime Minister feel that little bit more British. I would prefer that he continue to stick his Union Jacks in his Kirkcaldy home rather than threaten and get involved with the national football team. That may be the real reason behind the proposals, but we will give him no succour.

Let us look at the two teams. What a formidable squad the "no to Team GB" line-up is. It is pitted against the "for Team GB" squad. The "no to Team GB" squad has a strong 4-3-3 formation, led by the Football Associations of Scotland, Wales and Northern Ireland. It has a formidable midfield, comprising the tartan army, all the pundits and commentators in Scotland and former Scotland managers and players. And, let us not forget its defence: the overwhelming majority of Scotland fans. Who is in the "for team GB" squad in Scotland? It has a pretty threadbare 2-1-1 formation, and already many of its members have been red-carded. It is led by the Prime Minister, but we all know that he is much more likely to score an own goal than a goal in the opposition's net. The midfield consists of the Secretary of State for Scotland, running around like a headless chicken—not the midfield dynamo that you would expect, Mr. Pope. And, in defence—well, there is nobody in defence. I thought that they would at least have been present to say something about the issue, but the defence has gone home. If you were a football fan, Mr. Pope, and passionate about the game in Scotland, whose side would you be on? Would you be on the side of the Prime Minister, or of everybody else, who oppose the proposition? The answer is pretty straightforward, Mr. Pope. I see you laughing, so I think that you know the answer, too.

What do the proponents of this Team GB think about the opposition? Almost arrogantly, they dismiss it; they could not care less. Every single football association other than the English Football Association has rejected the proposal, but still the proponents pursue, support and propose it. Sebastian Coe allegedly used some very colourful language to tell us where we should all go—language that if I were to repeat in this House, Mr. Pope, you would have the Doorkeeper frogmarch me from the estate, and quite rightly. Sebastian Coe ever so politely told all the opposition where they might go. Well, I have a message for him from the fans of Scotland, Wales and Northern Ireland: "We would like to reciprocate your kind offer, and go away and do absolutely nothing that threatens our independent status."

**Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): In fully supporting the hon. Gentleman's contentions throughout, I must say that I cannot understand the reasoning behind the call for a GB team. All the home nations' teams are strong sides that can hold their own in international competition, and that is the way it should be. Indeed, I am sure that he will join me in congratulating the Wales rugby sevens side on becoming world champions last weekend.

**Pete Wishart:** Absolutely. May I offer those congratulations wholeheartedly to the hon. Gentleman and to the Welsh national side? It was an incredible achievement and, of course, I share his bewilderment at the proposal's pursuit. It is not just pursued, however; it is arrogantly pursued.

**Mr. Sutcliffe:** Was it a mistake, then, to have a GB football team at the Paralympics in Beijing last year?

**Pete Wishart:** The Paralympics team does not threaten the home nations' independent status. FIFA and UEFA are not looking at that; they are looking carefully at the decisions that we make about this Team GB today. I have no problem with the Paralympics team; I have a problem with any proposition that will not allow my son or my grandchildren to turn up to Scotland football games. Even if there is just a one in 100, or a one in 1,000 chance of it happening, even inadvertently, we should get rid of the proposal—take it away, not discuss it, just close it down. I wish the Minister would join me in that view. I know that he is a football fan who likes his game and his international football. His football team probably is not threatened by the proposal, but ours is, so I hope that he will take very seriously the fact that everybody in Scotland is against him on this proposal.

**Mr. MacNeil:** My hon. Friend makes the point that the Minister's football team is not threatened by the proposal, but, if a European Union football team were suggested, the reaction from the English FA and, perhaps, from the Minister would be far different.

**Pete Wishart:** My hon. Friend is right: there would be no support for that proposal whatever. We acknowledge that the United Kingdom has generous historical arrangements: all the home nations are members of the FIFA board. In the past five to 10 years, however, a number of new nations have emerged, and many of them look enviously at what we have. Devolved Parliaments throughout the world would like a shot at competing in international competitions, as Scotland, Wales and Northern Ireland do, but we should give them nothing—no reason and no excuse to bring up the issue and discuss it.

At the heart of the matter when it comes to such proposals are the assurances that Ministers, Sebastian Coe and others secure and receive when they raise the issue with FIFA. FIFA tells everybody that the proposal will not affect the independent status of the home nation teams—assurances that are not worth the paper that they are not even written on. They are totally and utterly meaningless, and we have the pathetic sight of the Secretary of State for Scotland, wandering back from yet another meeting with FIFA declaring, "Peace in our time," because we have had yet another assurance, such is his negotiating skill and the clever and complicated way in which he puts his argument. He got the same answer as everybody else: "Yes, of course it won't affect the international standing of your home nations." But, even if we accept that that is the FIFA board's view, and there are big questions about that after Sepp Blatter's interesting remarks last week, the view is not binding for future FIFA boards; they could quite easily rip it up and have nothing whatever to do with it. So, let us not hear anything about those assurances.

The FIFA board's view was interesting, too. Last Saturday, Sepp Blatter most certainly let the cat out of the sports bag when he revealed his real reasoning. David Peat, recalling what Sepp Blatter told him in a private meeting, said:

"Mr Blatter told us at an informal function that, if we agreed to be part of Team GB, our position would be in jeopardy. My immediate reaction was one of surprise. I glanced over at the English table and their two guys, Lord Triesman and Sir David Richards, just looked at each other."

I bet they did, with their hands at their heads, because that is the real position of the FIFA president. At an informal function, when speaking his mind on the issue, he is quite happy to tell us his real view on the matter. Please, I ask the Government, do not insult our intelligence with these meaningless assurances. They are not worth anything. I am sure that, when the Minister responds, he will bear that in mind. The board could not care less.

I see that the Minister has a paper in his hand, and I have a paper in my hand, too. It is a very interesting one, from David Will, the honorary vice-president of FIFA, who should know a little bit about international football and politics. He says:

"People seem to have forgotten that at almost all the FIFA Congresses throughout the 1980s, delegates, mostly from Africa supported by the Caribbean, raised objections to the existence of the four associations."

There is an ongoing discussion in FIFA and in UEFA, so their assurances are totally and utterly meaningless.

A few people have talked about Members getting politically involved in FIFA issues, and I take very seriously the Scottish Football Association's concerns about that. I leave it to the SFA, however, to raise those issues with FIFA. Our job, as Members, is to raise the issues with Ministers who strongly support the proposal. As long as they propose it, my job, as a Member who represents thousands of passionate Scotland fans, will be to oppose the Government and their support for this national football team. That is what we are here to do, and I make absolutely no excuse for doing so.

There are solutions, as my hon. Friends have said, however. If we want football teams to participate in the Olympics, what is wrong with all the home teams participating? Absolutely nothing. That is what happened when the Olympics last came to London, in 1908. All four home international sides competed, so, surely, that is how we should proceed. If being a part of the Olympics is such a great experience for young men, we should multiply it fourfold and give that wonderful chance to even more of our young people. The Minister should consider that solution. For goodness' sake, we are hosting the Olympics; it is not as if we are without influence when it comes to making such decisions. Surely, he could put it to the powers that be.

We could kill this proposal today. We could end it today. All is needed is for the Minister to say, "We no longer support this. We take on board the clear opposition. We will not arrogantly try to pursue it against the wishes of all the other football associations." He could easily do that today. If all Scottish Members of Parliament came together on an early-day motion, that would also kill the proposal. We could unite on that. I would even be prepared to sign an early-day motion put together by Government Members who are not in the Chamber, as long as it was trying to achieve that objective. That is something that we could do.

Everybody is against this proposal. There is no support for it in Scotland, Wales and Northern Ireland. If there is support for it, perhaps the Minister would say who is for it other than the Prime Minister, the Secretary of State for Scotland and a few Labour MPs. Even Labour in Scotland is beginning to crack. There are Members of the Scottish Parliament who get it, understand the issues, see the threat and are now against it. Support for this proposal lies only in this House. It exists nowhere else. There is no serious, credible pundit, commentator or former official in Scotland, Wales and Northern Ireland who believes that this proposal is a good thing.

Our job is to ensure that ordinary football fans are given a voice in the House. I do not know how many of my constituents I have spoken to about this issue who are concerned about all this. We have to give no precedent whatever, no reason and no excuse. Our job is to defend our national football side. I make no excuse for trying to do that today.

9.51 am

**Albert Owen** (Ynys Môn) (Lab): As I said, it is a great pleasure to congratulate the hon. Member for Perth and North Perthshire (Pete Wishart) on securing this debate, which gives us the opportunity to talk about football and the Olympics—two things that dominated my life when I was young, and still do.

*[Albert Owen]*

The hon. Gentleman says that nobody in Wales supports the proposal that we are debating, but I suggest that he join me on a Saturday afternoon watching my local team and talk to the parents of young players and young children. I accept that when I raise the matter it divides opinion, but the hon. Gentleman does not have a monopoly to speak for the football-loving people of Wales on this issue. I accept that there are establishments—the football associations—that strongly oppose the proposal, and I share some of their fears, but it is utterly wrong to suggest that nobody else in the footballing world of Wales supports it.

**Mr. Llwyd:** The hon. Gentleman proclaims that he knows about all the support for this in Wales. I confess that I have not come across anybody who seriously suggests that it is a good idea.

**Albert Owen:** I will develop my argument, but I repeat what I have said. I have been speaking to people in the stands of my local football team while watching games and talking to parents and I think that they would believe that what I have said is so, with certain caveats and assurances, which we must have in every sport—football is no different. Other teams have certain concerns about the identity of their national sport when asked to have an Olympic team. I am sure that the Minister will highlight that in his winding-up speech.

Like the hon. Member for Perth and North Perthshire, I have a passion for football. I remember, as a young man in the 1970s, watching Wales play Northern Ireland at Goodison Park, my favourite football team's stadium. I recall going to Hampden and watching Wales lose, draw and win against Scotland on occasions. As a football supporter from north-west Wales, even to go to a home game—having to travel to Cardiff—was a journey in itself. I have also supported the Welsh national football team across the world. I have been to international games in many countries and supported that team and will continue to do so.

I also support grass-roots football and the game at premier level—the Welsh premier league and the Football Association premier league—so I do not see any divisions based on boundaries. I enjoy football per se. That is why I will support the idea, with the assurances that I have mentioned, that a United Kingdom team give the opportunity for Welsh young people to look at Welsh participation in an Olympic team.

**Mr. MacNeil:** The hon. Gentleman says that he does not support any boundaries in football, but I have been listening to his account of his support for the Welsh football team over the years and I wonder whether any Portuguese Members of Parliament are looking for unification with Spain for an Iberian team. I would not think so. He talks about the idea of football without boundaries and says that is why he would support a United Kingdom team, but, extending his argument logically, would he support a European Union football team? I certainly would not, but the logic of his argument indicates that he would.

**Albert Owen:** I am certainly not going to allow the hon. Gentleman to put words in my mouth. I was saying that I believe in football first—football as a game—to inspire young people to come into sport. That is my first and foremost viewpoint.

I remember, as a young man, watching the Olympic games every four years and seeing Olympians from the four home nations winning gold medals. My earliest memory is of Lynn Davies winning the long jump for Wales and Great Britain in Tokyo. I remember David Hemery, the great hurdler in the Mexico Olympics, winning for England and the United Kingdom and Great Britain. I also remember Mary Peters, the great Northern Ireland athlete, winning in Munich in 1972 for Northern Ireland and for Britain. Of course, I remember Alan Wells, in the Moscow Olympics, winning for Scotland and the United Kingdom, Great Britain and Northern Ireland.

**John Mason:** The hon. Gentleman places great stress on the fact that people can represent both the UK or GB and the home nation, but was it not the case that in Beijing a choice had to be made, because the Chinese authorities would not allow Scottish and Welsh flags to be displayed, owing to the Tibetan problems, and that people have to choose whether they want to be in GB/UK or in Scotland/Wales?

**Albert Owen:** The hon. Gentleman is confusing the emotive issue of flags with what I am talking about. I do not think that Chris Hoy, the great Scottish Olympian, worried about wearing a Great Britain vest. That is my point: he and many athletes in Wales, Scotland, Northern Ireland and England are proud to be Scottish, Welsh, English, Northern Irish and British. That argument needs to be brought to this debate and that is what I intend to do.

Although the 2008 Olympics brought great gold tallies to the United Kingdom, my favourite moment was when the Welsh cyclist, Nicole Cooke, whose enthusiasm inspired so many athletes across the United Kingdom crossed the line, saying, "Yes, yes, yes!" and won the first medal for Britain. She did it for British sport. She will inspire people to get on their bikes and ride for Britain and for Wales. That is how sport can inspire people.

**Mr. MacNeil:** The hon. Gentleman perhaps makes the point. I did not realise that that young lady was Welsh. I just thought that she was from somewhere else in the UK. The Welsh identity was lost at that moment.

**Albert Owen:** I will develop this argument, but I repeat that many athletes and many people in Wales can be proud to be both Welsh and British—and that principle applies in Scotland, Northern Ireland and England. That is no boundary for them. Artificial boundaries are put in place by many people, including the Scottish National party.

**Mr. MacNeil:** A European Union football team?

**Albert Owen:** Yes, European. People are proud to represent the British Lions and Ireland by putting on those shirts: it does not make them any less Irish, and the proposal we are talking about does not make people any less Welsh, English or Scottish. That is my point. The ethos of sport and competing is more important than narrow nationalistic views.

**Pete Wishart:** The hon. Gentleman may or may not be right, but does he not share my concern and fears about his national football side if we were to come

together as team GB? That is what this debate is about. Has he any fears about the future existence of his beloved Welsh side if we come together as Team GB?

**Albert Owen:** I am trying to be generous in giving way to broaden this debate from the idea of being Scottish or British and from losing identity to one of greater participation in sport by people from the home nations.

There is an opportunity to bring my love of football and the Olympics together in the United Kingdom by having a United Kingdom team. That is important. That does not go against my strong support for a Welsh football or rugby team or any Welsh team. When Wales plays England, I have a passion for seeing Wales beating England equal to that of the hon. Member for Perth and North Perthshire; equally, however, when I see a Welsh athlete in a British shirt representing Great Britain, I want them to succeed. I want people watching them to be inspired and to come into sport. That does happen and it will happen in the next Olympics.

**Adam Price** (Carmarthen, East and Dinefwr) (PC): If one of the amazing young crop of Welsh football stars thought that putting on a British vest in a British football team would endanger the future of a Welsh national football side and, therefore, their chance to compete for Wales in the World cup in the future, what does the hon. Gentleman think they would do?

**Albert Owen:** I do not think they should be put in that position, and I shall come to that. *[Interruption.]* There is no exactly, and no blueprint, I am sorry to say. I am equally keen on rugby, and when a Welsh athlete plays for the British Lions, they are not put in that position because they have assurances from their national and international bodies. That is the point that I shall come to. I shall make a counter-argument against some of the issues that the hon. Member for Perth and North Perthshire raised.

I am suggesting that passion for sport comes first, and I dispute the suggestion that no one in Wales or Scotland likes the idea. The establishment, the Scottish media, the pundits and others are taking the "no" lead, but football in 2012 will be hosted in the greatest stadium in the United Kingdom—the Millennium stadium. Imagine the irony if young people from all over Wales, the United Kingdom and the world were watching football at that great stadium with not a single Welsh player representing a United Kingdom team. That would be a missed opportunity for football, but it would happen if a UK team had only English players. Imagine the irony of the Welsh passion in that stadium supporting an English team against a Portuguese or Brazilian team if young Welsh stars were denied the opportunity to play on that great occasion. The Olympic games is the greatest sporting occasion in the world.

**Mr. Sutcliffe:** On the point about football and the Olympic games, does my hon. Friend think it was clever of the three associations to write to the British Olympic Association saying that they did not think football should be an Olympic sport?

**Albert Owen:** I do not think that was clever. I have travelled with the Football Association of Wales to away games when there were not many supporters. In fact, there were more people wearing blazers—officials of the association—than supporters. I declare an interest, and I think there is some protectionism.

I accept what the hon. Member for Carmarthen, East and Dinefwr (Adam Price) says. Of course, I do not want Welsh players to risk losing their Welsh status, but I want them to have the opportunity in 2012 to represent the United Kingdom. I do not use the phrase "Team GB" because it will be a UK team from Great Britain and Northern Ireland. I want to see a UK team, not a GB team, represented.

**Andrew Mackinlay** (Thurrock) (Lab): The name is wrong.

**Mr. Greg Pope** (in the Chair): Order. This is a good-natured debate, and the hon. Member for Ynys Môn (Albert Owen) has been generous with his time, but there are too many sedentary interventions. If hon. Members want to intervene, they should make proper interventions, but we cannot have heckling.

**Albert Owen:** My hon. Friend the Member for Thurrock (Andrew Mackinlay) will be able to make his points if he catches your eye, Mr. Pope.

I understand how the Scottish Football Association, the Football Association of Wales and the Irish Football Association feel when there is such a strong negative campaign, and when private meetings have been held but assurances and private conversations have been leaked to the press. I understand that FIFA's executive met in Tokyo and gave assurances that national identities would not be eroded. There may be debates outside that, but FIFA said that this one-off opportunity for the United Kingdom football team at the 2012 Olympics would not harm the status of the four individual nations. That is important. *[Interruption.]* I will not give way again, because I have done so several times and other hon. Members want to speak.

Those assurances should be accepted. The hon. Member for Perth and North Perthshire said that only the under-23s would be affected. Only young people? Many young players go on beyond that, but many are at their prime at 21 and they will have the opportunity to excel on the national stage at the showcase that is the Olympics and at stadiums such as the millennium stadium in Cardiff and Wembley stadium. The millennium stadium attracted great passion last year when Cardiff City played in the FA cup. Many Welsh people were happy to support Cardiff City and its international players, including Aaron Ramsey; I am sure that the hon. Member for Carmarthen, East and Dinefwr will agree that he is a likely contender for the first team of any UK team. The Arsenal player, who is a talented young man and would play a great role, will be 22 in 2012, so he could be an under-23 player. He would inspire many girls and boys in Wales and the United Kingdom. That is why football would be the winner if there were a UK team.

Many nationalist politicians in Wales go further and instead of making a pro-football or a pro-sport argument, they use this as an anti-Britain agenda. I have heard Welsh politicians who want to do away with the British Lions. Imagine a British Lions team without the likes of Gareth Edwards and Barry John if we followed the logic of allowing them to play only for Wales. The British Lions tour to South Africa in the summer will be more than just peppered with Welsh talent as they

*[Albert Owen]*

represent Great Britain and Ireland on the international rugby stage. That would not harm Wales if they subsequently went for another grand slam.

There is an agenda—the hon. Member for Perth and North Perthshire is right—and it is narrow and nationalist. *[Interruption.]* The hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) says that I can do better. I could go on, but I am trying to speak about the subject of the debate. I believe that the British Lions are richer for having Welsh participation, and a GB football team would be richer for having Welsh, Scottish and Northern Irish representatives. One can be proud to be Welsh, proud to be Scottish, proud to be English, proud to be Northern Irish and proud to be British. Putting on a GB football shirt in 2012 would enhance sport in Britain and the home countries. In Beijing, British people from all the home countries came home to celebrations in their individual capital cities.

I want British football to be seen from the terraces of the millennium stadium with Welsh representatives playing alongside people from other countries. I would like the team to be fully Welsh if it was selected on merit, but British sport has a role to play at national level. The assurances that have been given must be taken seriously. The football associations may have their own way and there may be just an English team with no participation from other players, and FIFA might still argue that national teams should merge. That debate will not go away, and it is wrong to use it nationalistically, as supporters of nationalist parties and nationalist politicians have done.

The beautiful game, merged with the Olympics, will enhance sport and football. I support a 2012 UK team with the assurances that that will not be detrimental to national identity.

10.8 am

**Mr. Mark Field** (Cities of London and Westminster) (Con): I congratulate the hon. Member for Perth and North Perthshire (Pete Wishart) on securing this important debate, which he introduced in his usual idiosyncratic style. I am aware that despite this debate being broadly good-natured, I may be intruding on private grief between his party and the Labour party north and west of the English border. I confess that I have considerable sympathy with elements of his political argument, although I would have couched them more tactfully.

The Prime Minister's risible Britishness agenda disguises the fact that his Government's ill thought through devolution a decade ago has destroyed British people's—English, Scottish and Welsh—understanding of Britain as it has existed since 1707. We are at an interim stage. There is no going back from a Scottish Parliament. We have an asymmetrical feeling of devolution throughout the UK, which means equal powers. Heaven only knows how that will be worked through. It is a mess at the moment, and to go on about Britishness risibly attempts to disguise the fact that Mr. Brown is a Scot. He represents or is from a country of 4.5 million people out of 60 million. That will be very evident as time goes on. I would not have wished to make that argument before 1997, but his Government have brought it on themselves. It will resonate loudly during the next general election campaign—very regrettably, in my view.

I have a lot of sympathy with what the hon. Member for Perth and North Perthshire has to say—I suspect that I will be at odds with those on my Front Bench on this matter—because I think that the essence of spectator sport is competition and rivalry. Sport also, as the hon. Gentleman rightly said, brings people together. I confess that I scribbled my notes for the debate at the beginning of the weekend and I referred to sport as "war by other means". The terrible events of the past 72 hours in one part of the United Kingdom, Northern Ireland—I am sure that the hon. Member for Thurrock (Andrew Mackinlay) would point out that it is part of the United Kingdom, rather than part of Great Britain—put those comments in context.

However, spectacles such as the World cup and the Olympic games have a global appeal. The first ever international soccer match took place 137 years ago, between Scotland and England in Glasgow. It was a goalless draw, which I suspect reflected not a lack of endeavour, but a determination on both sides to avoid defeat. It is the oldest international in the football fixture list. The notion of a GB team runs counter to the rich history of that rivalry, but it would also set some potentially worrying and unintended precedents, on which I shall focus.

Let us say that there was a GB team for the Olympics. Almost inevitably, despite what the hon. Member for Ynys Môn (Albert Owen) had to say, demand would grow for a GB team for all competitions. It might lead to the end of the Scottish league. There has been a great deal of talk for some years now that the two Glasgow teams—Celtic and Rangers—might join the premiership, although I suspect that the ease of passage for them into the champions league means that it is more attractive to play north of the border than to venture south.

We have seen—the Minister will be well aware of this—the joint hosting of football championships. That started at the 2002 World cup, hosted by Japan and South Korea. In 2008, the European championships were hosted by Austria and Switzerland. There was talk until recently of a joint bid for the 2016 European championships by Scotland and Wales. That idea has been dropped, ostensibly for economic reasons. We have seen the great rise of the African footballing powers.

**Albert Owen:** My understanding is that the joint bid for the European championships was supported by many Members of the Scottish Parliament and the Welsh Assembly. They felt that the Celtic nations could indeed host the championships. Would that pose the same threats to the national identities of those teams?

**Mr. Field:** I accept that that may have been the thought in the Scottish Parliament. I think that there would have been a risk.

Let me move on to a more general point. We are talking now of a World cup of 32 nations, whereas 20 or so years ago there were only 16 nations in the World cup finals. The European championships will involve 24 nations next time, partly for the reasons that have been pointed out. We have seen the emergence of eight or nine sovereign nations from the former Yugoslavia and we have seen something similar with the former USSR, with a number of those states playing their part. There are now 195 nations in the UN, and football is ever more important as the global game.

I think that a GB team would set a precedent. There would at some point be more and more pressure for either a GB or a United Kingdom team to represent all our nations in world and European championships. The danger—this goes back to the concern about the passion that people have for sport—is this: who would support such an entity—a Great Britain football team—and how would it be run? We can all envisage the appalling problems that there would be in trying to be politically correct and ensuring that there were two Northern Ireland players and two Welsh players as an absolute minimum. Particularly if a match was being played at the Millennium stadium, would the best 11 players necessarily be playing? All sorts of politics would play a part.

**Mr. Sutcliffe:** In the Beijing Olympics, there was a Team GB—a Paralympic team—for a number of different sports, including football. That team was run by the English FA with the support of the other home nations. It can be done.

**Mr. Field:** I can accept that. The Minister has made a valid point about the Paralympics. We are in the early stages of the Paralympics as a sporting movement and I pay tribute to the Government, who have played a very important role in the past decade in ensuring that sport for the disabled has such a high profile. However, I suspect that in 20 or 30 years' time there will be much more demand, not only in the footballing world but in other areas, for a breaking down of the team into national teams and that the competition and rivalry that is seen in able-bodied sport will also play its part in sport for the disabled.

I appreciate that other hon. Members want to say a few words. I shall end with a slightly more parochial point.

**Tom Brake** (Carshalton and Wallington) (LD): The hon. Gentleman has clearly stated that he does not support the concept of Team GB, but he has not outlined his alternative.

**Mr. Field:** I shall leave it to the Front Benchers to go into that in detail. It may well be thought that only one nation's team—perhaps an English, a Scottish or a Welsh team—will emerge from this. I suspect that in an ideal world we would like all the nations to have an opportunity to put teams up.

As I said, I shall end with a slightly more parochial thought, because I am a keen football fan and have been all my life. I remember that there was great revulsion in my home town of Reading at the suggestion in 1983 that that team—Reading were then in the fourth tier of professional football—should merge with Oxford United to form the Thames Valley Royals under the late and not much lamented Robert Maxwell, who owned that club at the time. It is interesting how the two clubs developed over the 20 years after that. Oxford United were promoted into the top flight of football. I remember watching them quite avidly when I was an undergraduate. Then they went into a downward spiral. They had a spanking new out-of-town stadium, which has been a financial millstone around their neck, and they also lost their league status in 2006 and are not likely to regain it any time soon.

By contrast, Reading went from strength to strength. They made it into the premiership in 2006. They now routinely have crowds of 20,000. I remember being one of 3,000 or 4,000 at the rather ramshackle old Elm Park ground. No one would have envisaged that 25 years ago, not least because of the rivalry and competition among the fans in that area. What I am trying to say is that there would be many unintended consequences from any mergers that might take place. We need to think through those complications at the outset, rather than giving wholehearted support to something that might lead us down a path that we would all find undesirable.

**Adam Price** *rose—*

**Andrew Mackinlay** *rose—*

**Mr. Greg Pope (in the Chair):** Order. Two hon. Members still wish to speak. I hope to start the winding-up speeches at about 10.30, so I appeal for the co-operation of hon. Members. I call Adam Price.

10.17 am

**Adam Price** (Carmarthen, East and Dinefwr) (PC): I thank the hon. Member for Cities of London and Westminster (Mr. Field) for the unexpected but nevertheless welcome support for our position from Cities of London and Westminster. I also thank and pay tribute to my hon. Friend the Member for Perth and North Perthshire (Pete Wishart) for his impassioned defence of the independence of Scottish and Welsh football. In answer to the point made by the hon. Member for Ynys Môn (Albert Owen), it was not our parties that decided to make football a political football. It was the Prime Minister who did so in advancing, as the hon. Member for Cities of London and Westminster said, his Britishness agenda.

**Albert Owen:** The hon. Gentleman is wrong. This argument goes back four or five years before our Prime Minister came to that office. It is something that the British Olympic Association brought forward as an idea, so that host nations would not have to qualify. That is the origin of the argument, so I am sorry but the hon. Gentleman is wrong when he says that the Prime Minister, with his enthusiasm for a Great Britain team, was the start of the debate; he was not.

**Adam Price:** The British Olympic Association may have been there at the kick-off, but the Prime Minister ran with the ball. There is a bigger political question here, because in this United Kingdom we have one very large nation and three smaller nations and sensitivity needs to be shown to the interests of the three small nations. When the football associations and the majority of football supporters in those countries say, "Hang on a minute. There's something very important here that we hold dear and that we feel could be imperilled by this decision," the Government should listen. The hon. Gentleman is a Unionist; he believes in the United Kingdom. The only way in which this United Kingdom can work is if the interests of the small countries are listened to by the large country. That is all we are asking for.

**Greg Mulholland** (Leeds, North-West) (LD): I am slightly concerned to hear that the Prime Minister is running with the ball when we are talking about football

*[Greg Mulholland]*

rather than rugby. However, I put it to the hon. Gentleman and the Minister that whatever our views on Team GB—we have different ones here—we should address the absurdity of the Team GB football team singing "God Save the Queen", which is, wrongly, still the English football national anthem. When will we address that and stop having this identity confusion? When England compete as England, they should have an English national anthem so that when a British team plays, we do not ask its Scottish and Welsh members to stand and sing what they perceive as an English anthem, which is absurd.

**Adam Price:** The hon. Gentleman makes a strong point, and I certainly support it.

My hon. Friend the Member for Perth and North Perthshire likened being a Scottish football supporter to being on a rollercoaster, but Welsh supporters have also had their fair share of highs and lows. In the 1958 World cup quarter-final, a young Brazilian by the name of Pele came on and scored his first goal in international football to put us out. In the quarter-finals of the 1976 European championships, we lost to the former Yugoslavia. I also have to mention a certain handball in 1978, which introduced an element of disagreement between Scotland and Wales. Scotland also put us out in 1986, but I will pass over that.

Wales now has a crop of young players. The hon. Member for Ynys Môn mentioned Aaron Ramsey, and we also have Joe Ledley, David Edwards and Jack Collison, whose combined ages would be about 80. This crop of young players has a real prospect of getting Wales into a major championship again, and we do not want to put that at risk. I am sure that the hon. Gentleman understands that in his heart of hearts.

The position in FIFA has changed, and there have already been two votes on the membership issue. FIFA vice-president Jack Warner from Trinidad and Tobago is a leading opponent of independence for the four home nations. He has recently said that he has an open mind about the effects of Team GB on our membership of FIFA, and the issue will come back on the agenda if we take up the proposals.

In several cases recently, FIFA has taken a much more conservative line than it has in the past. It has more members than the United Nations because its criteria for membership were much broader in the past, but that has changed. Greenland made an application for membership in 2005, but it was turned down. Catalonia has also made an application. Similarly, UEFA has tightened up its rules, and new members must be members of the United Nations to qualify as members. Things are therefore changing, and if we move down the proposed path, there is a real danger that we will lose our independent membership.

Such a development will have a knock-on effect on Welsh clubs. At the moment, teams from the Welsh premiership can compete in the champions league and the UEFA cup. A few years ago, Barry Town beat Porto, which went on to win the champions league a few years later. Such games are important opportunities for young Welsh players, and we need to defend their ability to play in them.

The hon. Gentleman talked about artificial boundaries. In a sense, identity is artificial because it is a cultural construct—it is something we believe in. We believe passionately in our Welsh identity, partly for reasons of history, but it is real to us. There is a distinction to be made. Originally, the Olympic movement was about not national sides, but individual athletes competing against each other—the national element came in only later. I understand what the hon. Gentleman is saying: in a sense, the Olympian movement is about individuals, and its motto is "Citius, Altius, Fortius". However, the national dimension of team sport is absolutely central—it is part of the passion of the game to see two national sides pitting the best talent that they have against each other. Surely we would not want to lose that.

I want political independence for my country and I make no apology for that. The hon. Gentleman has every right to disagree with me, but it is a laudable ambition to want one's country to have self-determination. Historically, the arrangement in these islands has been that we respect the fact that four different nations make up our state and that we allow expressions of national identity within that, and sporting identity is an important element of that.

The Football Association of Wales is the third oldest football association in the world. We were a founding member of UEFA. Along with the other home nations, we are also on the FIFA board, which decides the rules and which has only eight members.

**Albert Owen:** The hon. Gentleman has made several references to Welshness and identity, but someone who supports Welsh independence is no more Welsh than Welsh patriots who want to be part of the United Kingdom. That is the important point: there is a difference between nationalism and patriotism. However, he also talked about the Olympic ethos, and is not being part of a team also part of that? When Team GB came back from Beijing, members from the individual home countries did not feel any less Scottish or Welsh for being part of it.

**Adam Price:** I say to the hon. Gentleman in all honesty and sincerity that identity is personal and subjective. I accept that he has a British identity alongside a Welsh one, but that British identity is not one that I share. That is my personal, subjective view. I am prepared to allow him his identity if he will allow me mine. An important part of my identity is the continuation of an independent Welsh national side. I have no problem with the current arrangement, under which we have a UK Olympics team, and we have to accept that the Olympics authorities perhaps take a different view from FIFA or UEFA, although that is a matter of some dispute. If the hon. Gentleman wants his identity, that is fine, but will he please allow me to have mine and to express it in sporting terms by continuing to support a Welsh national football side?

I will wind up now, however, because I am very interested to hear what the hon. Member for Thurrock (Andrew Mackinlay) has to say.

10.26 am

**Andrew Mackinlay** (Thurrock) (Lab): One reason why I am interested in this issue is that I am a member of the Celtic diaspora who was born in Wembley. My

earliest memories include being let out of St. Joseph's school in Wembley early to see an international on a Wednesday afternoon—there were no floodlights for soccer matches at Wembley in those days. I also remember kith and kin coming down from Scotland on the overnight coach to see Scotland beat England. The issue is very interesting. I am a soccer enthusiast and I certainly like the international game.

It is laudable for Ministers to say that it would perhaps be nice to have a United Kingdom team. Indeed, let me say for the record—in case what we say is distorted elsewhere—that I support that objective as a soccer enthusiast. However, my point, which I think is new, is that the Government should back off. There is a point at which these things are no longer Government business, but a matter for the four football associations, and it is dangerous for the Government to try to push the issue.

I note that the Minister intervened to pray in aid the Paralympics. He said that the English FA organised the football team with the support of the other football associations, but that is precisely the point: the initiative had the support of the other associations. However, that support does not exist now. Then, there was acquiescence, full knowledge and full consent, which is fine. It was a grave matter, and the associations decided that they would support the UK Paralympics team. However, they have now decided—they are entitled to do so—that they will not support such a team in the 2012 Olympics. The Government should bear that in mind.

I am desperately angry about the obsession with calling the team Team GB. That shows how stupid—I deliberately use that word—the people who run the Olympics in this country are. This is the United Kingdom, and that is the official short term—that is what is in front of the United Nations. Everyone understands that. The team should be Team UK. That is not a small point or a meaningless difference, because this country is the United Kingdom of Great Britain and Northern Ireland. Even at this late stage, the name should be corrected. Ministers should be particularly sensitive about that, because they are the custodians of the political identity of the United Kingdom. They should correct such things at every stage.

All this comes down to modalities and the statutes of FIFA and the Olympic movement. One reason why the Government should not trespass there is that it would draw the Olympic movement into United Kingdom domestic politics. As I understand the statutes, the team must be a member of FIFA. There is not a United Kingdom football association affiliated to FIFA. It does not exist. If there were acquiescence from the other three associations things would be fine, but there is not, and the matter should be dead in the water. To take up a point that the hon. Member for Cities of London and Westminster (Mr. Field) made, where would it end if England's FA were to claim to be the United Kingdom team, and the Government were to buttress that claim and support it? It would trespass into a political dimension. It is another increment that threatens the Union—the very Union that the Government say they want to maintain. We should not go there. It would put FIFA and the Olympic movement in a difficult position.

I urge the Minister to reflect on the fact that there is a line over which the Government should not trespass. There would be debates about and frustration over the method of selection, anyway. My hon. Friend the Member for Ynys Môn (Albert Owen) seemed to assume, because he is a patriot, that there would be a Welsh player. I would hope that there would be Welsh players, but one cannot be sure, because the essence of the Olympic movement is that a person would be selected on merit. Therefore, in conclusion, I counsel the Government to back off and be much more sensible than they have been about the soccer competition. Secondly, because it is a directly related matter, they should start to get their political terms correct, and insist that the team from the United Kingdom should be called Team UK.

10.32 am

**Tom Brake** (Carshalton and Wallington) (LD): It gives me great pleasure to participate in this colourful, heartfelt and passionate debate. I congratulate the hon. Member for Perth and North Perthshire (Pete Wishart) on securing it. All that was missing was the Mel Gibson-style face paint I expected the hon. Gentleman to arrive with this morning. He has built from the foundations, brick by brick, and laying the mortar on very thick, ably supported by his colleagues' urgent and pleading interventions, a huge Aunt Sally to demolish. He did it quite successfully, and for good measure he threw in a conspiracy theory involving the Prime Minister. I understand his reasons for choosing to do that, but with the limited time available to us he might have considered as an alternative a debate on the Olympic legacy in relation to Scotland, Wales and Northern Ireland. There are significant issues to consider in that context, whether on matters of infrastructure or access to contracts for businesses. That would have been an interesting debate.

Of course, this has been a wonderful opportunity for us all to reminisce about our football experiences. I can reminisce about a match I attended in 1976, I think, between Leeds and Bayern Munich. We were living in France, and the match was in Paris. I am afraid that the Leeds fans tore the stadium apart and fought battles in the streets with the French police. I can reminisce too about a surreal football match that I attended when I went on a school trip to Russia. I think it was Odessa versus Kiev, in 1975. The match was played in complete silence. The only thing we could hear in the crowd was the crunching of sunflower seeds, because that is what the spectators ate during the game. When we left the stadium the aisles were littered inches deep with sunflower seed husks.

That is enough reminiscing. We have little time for the debate, so I will focus on the meat of the matter. The British Olympic Association has decided that the UK—both men's and women's teams—will take up the free ticket to the football games. It understands, as I think does everyone in the Chamber, the concerns expressed by the hon. Member for Perth and North Perthshire and others about the potential for that to affect the home nation teams. However, the hon. Gentleman did not respond to the point that the potential would exist irrespective of whether we hosted the Olympics in 2012. There is always the potential for FIFA to examine at some point the arrangements for nations, and to come up with a decision that he, others and I would be unhappy with, for example in relation to the World cup.

*[Tom Brake]*

In support of his arguments, the hon. Gentleman deployed some quotations from Sepp Blatter, although I understand that we have received assurances that they were taken out of context; I considered writing to him but I understand that he has had so many letters on the issue that he would be unhappy to receive a further one from me.

**Pete Wishart:** I wish that the hon. Gentleman had listened more to his hon. Friend the Member for Leeds, North-West (Greg Mulholland), who was on steadier ground. Is he speaking for the Scottish Liberals in this matter? Do they support Team GB? Are they in opposition to all other opinion in Scotland in this matter?

**Tom Brake:** I thank the hon. Gentleman for that intervention. I confirm that I spoke to my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) who speaks on Scottish issues. I am also happy to confirm that, as the hon. Gentleman will no doubt be aware, Ross Finnie MSP is on record supporting the need for assurances from FIFA. That is exactly the point that I am making and that other hon. Members have made. We need assurances from FIFA. If the Minister goes away from the debate with one thing, it will be the knowledge that we are collectively asking him to secure a much more solid assurance than we have so far received. Rather than writing to Sepp Blatter individually, the right way forward would be for us all collectively, with the Minister, to sign a letter seeking those assurances.

I regret one thing about the debate, which is that the hon. Member for Perth and North Perthshire and other hon. Members did not focus enough on the potential for increasing participation in women's football and Paralympic football. I agree with the hon. Member for Thurrock (Andrew Mackinlay) that if we have a Team UK, that should be its name, not Team GB. Such a team, with players who could be Welsh, Scottish—for all we know it could be a completely Scottish team—or English or from Northern Ireland, and from men's, women's and Paralympic football, would kick-start those sports and give players from all those nations an opportunity to play at the highest level. That must be good for sport. I regret that the hon. Member for Perth and North Perthshire did not pick up that point, because it leaves an impression, as the hon. Member for Ynys Môn (Albert Owen) was saying, that the argument is a nationalist one. It should in fact be about how to maximise participation in sport and get the most for our men's, women's and Paralympic teams.

The debate has been challenging. The Minister has been given clear guidance by all the hon. Members who have spoken about what he needs to do. Perhaps he can get assurances from FIFA that what happens at the Olympics in 2012 will not create any risk to future World cups.

**Mr. MacNeil:** Will the hon. Gentleman give way?

**Tom Brake:** I am afraid not; I am concluding.

If assurances could be obtained I should be comfortable about supporting a Team UK. I am sure that my Scottish and Welsh colleagues here and in the Scottish Parliament and the National Assembly for Wales would also be happy to support it.

10.38 am

**Hugh Robertson** (Faversham and Mid-Kent) (Con): As is customary, I too start by congratulating the hon. Member for Perth and North Perthshire (Pete Wishart) on securing the debate on the GB football team at the London 2012 Olympics. I hope that he will not mind my saying, however, that despite the evident good humour with which he spoke, as a sports fan I have not approached the debate with great enthusiasm. I do not think that it reflects particularly well on the management of the issue thus far that the selection of sportsmen and women, both able-bodied and Paralympic, to represent their country at a home Olympics, has become a matter of such entrenched political debate. It would have been much better if we could all have resisted temptation and left the issue to be resolved by sport, not politics.

When considering such matters, it is often instructive to look to history for a precedent. I am not sure that it is relevant in this case, but for the record—no one has yet mentioned this—Great Britain has won three gold medals at football. The first was in 1900; the hon. Member for Thurrock (Andrew Mackinlay) will be delighted to know that Upton Park football club represented this country and won. In 1908 the English national amateur team won, and the last medal was won in 1912.

GB went on to compete, perfectly happily, in 1920, 1936, 1948—the London games—1952, 1956 and, for the last time, in Rome in 1960. GB participated in the qualifying rounds in 1972, but failed to qualify. I have been unable to verify whether we lost on penalties to Germany. However, the removal of the distinction between professional and amateur teams by the Football Association in 1974 meant the end of our participation in the Olympics.

As the Minister said, we fielded two teams at the Paralympic games in Beijing—a seven-a-side cerebral palsy team and a five-a-side blind football team. Inevitably, in view of this morning's debate, the cerebral palsy team contained footballers from Scotland, but the FA managed the team without controversy on behalf of GB. That rather backs up my view that these issues are controversial only when politicians become involved.

As far as the specifics of this morning's debate are concerned, I wish to make three points. First—this is a personal view, and I doubt whether it will be popular with the Minister—I sometimes wonder whether football is a natural fit with the rest of the Olympic games. I fully realise that it is a decision solely for the International Olympic Committee, and not one for national Governments; indeed, I endorsed London's bid for the 2012 games even though football was always a key part of our offer. None the less, I believe that the Olympics should contain only those sports in which it is the peak of an athlete's career to win a gold medal.

For many male footballers—indeed, perhaps the majority—winning the premier league, the Scottish league, la Liga, the Serie A, the Bundesliga, the European cup, the World cup or the European championships will always be more prestigious than winning an Olympic gold medal. I realise that football brings a new audience to the Olympics, with its associated broadcasting and revenue opportunities, but as a traditionalist I believe that anyone winning an Olympic gold medal should feel that they had reached the absolute pinnacle of their sport. I am not convinced that is the case for many male footballers.

**Tom Brake:** Is the hon. Gentleman drawing a distinction between men's football, women's football and Paralympic football?

**Hugh Robertson:** I thank the hon. Gentleman for that intervention. I shall continue.

The situation is different for the women's game. Being part of the Olympics opens up unprecedented coverage to the UK's fastest growing participation sport, and it would be the pinnacle of any female footballer's career. After the failed attempt to field a women's team in Beijing, women's football would receive a huge boost if it was able to participate before home crowds in 2012. However, despite my personal misgivings about the male game, football will be a key part of London 2012 in some way, shape or form. The challenge is to make it work as well as possible.

That brings me to my second point. I entirely agree with the hon. Member for Thurrock that it is a great shame that the issue has become so politically contentious. The whole question of having a football team at London 2012 has become part of a wider debate about devolution and independence. I am sorry to have to tell the Minister that both the main protagonists are at fault in that regard. The Prime Minister and the Secretary of State have used the issue to make wider points about the Union and, unsurprisingly, the Scottish National party has reacted.

**Mr. MacNeil:** The clear voices that have been raised against Team UK or Team GB have not been heard. It falls into the realm of politics if the authoritative voices that should be listened to are not being heard. I would say that is the result of arrogance.

**Hugh Robertson:** In a way, the hon. Gentleman is making the same point as me; it would have been better if we had managed to hold off and stop the issue becoming a political point.

**Andrew Mackinlay:** The hon. Gentleman was keen to mention the Prime Minister. Does he think that Lord Coe, his colleague, has had a role in making the matter political?

**Hugh Robertson:** No, I do not. As chairman of the organising committee, Lord Coe has to take his lead from the Government. The Government are responsible for the overall strategic direction of the 2012 Olympics, and the Prime Minister gave a lead. Lord Coe had to follow. He did not have the option.

My third and final point is that given that we are where we are, the key thing is what to do next. The British Olympic Association, which is responsible for selecting Team GB, has assured me absolutely that FIFA's executive committee confirmed in December 2008 that participation in the London 2012 tournament will not affect the status of the home nations. However—I say this before everybody jumps to their feet—FIFA also recognises the concern within the Scottish, Welsh and Northern Irish football associations that that may not be the case. I am happy to make public the fact that FIFA has received letters from all three associations stating that they will not support, or enter discussions about entering, a GB football team in 2012. Sport is a devolved issue. It is therefore ultimately for the individual home country football associations to decide what course to take.

It would be wrong—perhaps, like the hon. Member for Thurrock, my Celtic influences are coming into play—for the Government, the FA or London 2012 to do anything that would impinge on the independence of those football associations. Ultimately, I see no option but to leave them to make their own decision.

**Tom Brake:** Does the hon. Gentleman agree that the individual associations should confirm that they have considered the question of women's and Paralympic football, and the potential to increase participation, before deciding whether to engage in discussions on the subject?

**Hugh Robertson:** I thank the hon. Gentleman. That is two out of two. I shall continue.

On a personal basis, I absolutely respect the decision, but I regret that things have come to this. As a result, both able-bodied and Paralympic athletes will miss out. A fantastic opportunity to showcase the women's and Paralympic games, with all the benefits for increased participation, will be lost. Broadcasting exposure and commercial revenue will be forfeited. All those things will happen because politics has got in the way.

Unless a solution can be found, through a pre-qualification tournament or some other form of compromise, the BOA will enter a GB team, but it will contain only English players. I presume that Irish, Scottish and Welsh players will be invited to put their names forward, but that they will face possible sanctions from their home country associations if they play.

As an aside, and in case anyone else was thinking of doing so, I mention that the last two high-profile athletes to defy the Government over an Olympics political issue—Sebastian Coe and Colin Moynihan—are now chairman of the London organising committee and chairman of the national Olympic committee respectively.

**Andrew Mackinlay:** I do not understand why, but the hon. Gentleman said that the British Olympic Association will probably submit a team. My point is about modalities; it is technical. A team cannot be submitted without an association, and we do not have a United Kingdom association. Many people are being foolish and fudging the issue. The BOA cannot do it. There has to be an association, but it does not exist.

**Hugh Robertson:** I asked the British Olympic Association that question yesterday, and I think that the hon. Gentleman may not necessarily be correct. In Beijing, a home nation committee took over in many sports; it then morphed into a UK body—or a Team GB body. In this case, I guess that the BOA will invite the home nations to put forward players but that the Scottish, Northern Irish and Welsh will refuse because they believe that it will compromise their independence. As a result, the team will go forward under a Team GB banner, but will contain only English players.

As I said at the beginning, I very much regret that this has become such a contentious public matter, and the way that it has been handled by the Governments in London and Edinburgh has made a difficult situation worse. However, whatever my personal feelings, I

*[Hugh Robertson]*

acknowledge that the Northern Irish, Scottish and Welsh FAs are entirely within their rights to refuse to release their players, with the result that as of today the GB team selected by the BOA will contain only English players—the point made by the hon. Member for Thurrock. We are still more than three years from London 2012, so there is ample time for a compromise to be reached, if the will exists to find one. However, after this morning's debate I suspect that is probably a vain hope.

The really sad part of all of this is that as things stand the athletes affected will be denied a once-in-a-lifetime opportunity to compete in front of their home crowd at the world's largest sporting event. Whatever one's view, that is a great shame.

10.49 am

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe):** I welcome you to the Chair, Mr. Pope. This has been an interesting debate in terms of the emotions engendered by the argument. I congratulate the hon. Member for Perth and North Perthshire (Pete Wishart) on raising the issue, even though I may disagree with everything that he said. However, it gives us an opportunity to air some important issues.

I agree with the hon. Member for Faversham and Mid-Kent (Hugh Robertson) as I, too, am sad that we have reached this position, because at the end of the day it is the athletes who will suffer, which as sports Minister I regret. The whole ethos of sport is to bring people together and to ensure that we all value sport and our passion for it, whether for individual athletes or teams. Sport can and should gel us all together. We saw that in Beijing and with the merging of Olympians and Paralympians during the successful parade through London, when the whole UK celebrated their success. I do not want to lose the passion of those athletes.

It is not arrogant for the Government to say, "This is what's going to happen." As the hon. Member for Faversham and Mid-Kent said, the situation has arisen because we are hosting the Olympic games in 2012. A fantastic event—the world's leading sporting event—will be in London in 2012, and we want the whole UK to benefit, in the same way that we want it to benefit from the Commonwealth games in Glasgow in 2014. Furthermore, during the coming decade of sport, we want to ensure that international events are held all over the UK, so that we can inspire future generations, and teach them the value of sport and what it can mean to individuals.

Those considerations, and not some narrow, nationalistic worry about the potential for the home nations to lose their identities, should be the driving force behind our decisions. I have not heard anything in this debate to suggest that the home nations will lose their identity. In fact, we have heard to the contrary, as the hon. Member for Carshalton and Wallington (Tom Brake) said. We have received written assurances and minutes of meetings from FIFA stating that a Great Britain football team will not affect the individuality of the three home nations.

**Pete Wishart:** I know that the Minister is coming on to those assurances—we will hear them all once again—but why does he think that the Scottish, Northern Irish and Welsh football associations, as well as pundits, commentators and former executives of FIFA and UEFA are all against the proposal? It is not a nationalist agenda, but a footballing agenda. In Scotland, Wales and Northern Ireland, people believe that thoroughly. Why are they wrong, and the Minister right?

**Mr. Sutcliffe:** I am not saying that they are all wrong. They are seeking assurances that the individuality of the home nations will not be affected, which I understand and respect. It is their right to respond to the situation. However, I am concerned—that is why I intervened earlier—because there has always been, and will continue to be, a threat to that individuality, given the way that FIFA is evolving, with new nations coming in. That threat will always be there.

**Mr. MacNeil:** Surely the responsibility of a UK Government Minister should be to support the wishes—in this case—of three in four of the football associations, not to try to railroad them in a particular direction.

**Mr. Sutcliffe:** I disagree with the hon. Gentleman; in this instance, the role of the sports Minister is to ensure that the UK Olympic games are the most successful ever and to get the mass participation in sport of everybody in the UK. I assume that we all agree on the power of sport.

The argument boils down to this: the British Olympic Association, not the Government, proposed a Team GB, as was its right. We are the host nations and we can have a Great Britain football team in the men's and women's games and in the Paralympic games. That is our right as the host nation. As my hon. Friend the Member for Ynys Môn (Albert Owen) said, it will be the biggest football occasion in this country since 1966 when we hosted the World cup. More than 2 million people attended the Beijing games. The 2012 football games will be played throughout the UK, and it would be a farce for qualification games to be played in Wales and Scotland without British participation.

**Mr. MacNeil:** Will the Minister use his great office of state to increase participation by encouraging and advocating the possibility for four teams, instead of one team, rather than railroading football associations? That would result in greater participation.

**Mr. Sutcliffe:** That could have been the argument had it been proposed earlier, but the situation has moved on. The International Olympic Committee, which runs the games, has awarded them to London—we now have an organising committee—and has given us an opportunity that we should not turn down, for the reasons we have given.

The hon. Member for Perth and North Perthshire said that he feels that football in the Olympics is devalued and not taken seriously. That is not true, judging from participation at Beijing, where leading players from Argentina and Brazil played. They believed that football had value, as do I. The Olympics are the greatest sporting event on earth, which is why a number of sports are applying to join.

The kernel of the argument is that we want assurances from FIFA, the IOC and other bodies to ensure that we do not do anything to damage the current situation. I accept that, and that is what we are trying to do. We

have held meetings with Sepp Blatter and FIFA, and have correspondence stating that the proposal will not affect the individuality of the home nations. However, the home nations have not helped themselves by writing to the BOA stating that they do not think that football should be part of the Olympic games. That in itself will threaten the individuality of the home nations.

I urge caution in resolving the issues with the IOC, the BOA and FIFA. FIFA considers its sport an integral part of the Olympic games and their legacy. As the hon. Member for Carshalton and Wallington said, we will do everything possible to ensure that the assurances we have received are worth while.

Returning to the original point, we do not want the athletes to suffer, which is what will happen if we continue on our current course.

**Hugh Robertson:** Will the Minister clear up a narrow, technical point? This country is committed to a GB football team in 2012. As I understand it, the BOA will invite all home nations to put forward players for that team. If any home nation feels that its independence is under threat—whether that is right or wrong—and decides, therefore, not to put forward players, will we field a GB football team in 2012 containing players only from home nation associations happy to put forward players? In other words, might the GB team consist only of English players?

**Mr. Sutcliffe:** That is correct; sadly, that will happen unless we can resolve the issue.

**Albert Owen:** Further to the question from the hon. Member for Faversham and Mid-Kent (Hugh Robertson), would it help if the letters that the Minister has received from FIFA were made public so that we can see a written submission from FIFA with cast-iron guarantees that a one-off tournament will not threaten the identity of the national football associations? Can my hon. Friend envisage a compromise if the Welsh, Scottish and Northern Ireland associations do not proceed? For example, what if no sanctions were to be taken against individual players?

**Mr. Sutcliffe:** That is an excellent point. We attempted just such a compromise. We said, "We understand the position of the home nations, but do not take sanctions against players who want to play," but we could not get that assurance. We need to find a way through that intransigence. As the hon. Member for Faversham and Mid-Kent said, the reality is that there will be a team—the BOA, not the Government, has said that—and we want it to be as representative of the UK as possible. We will work with home associations, whose right it is to respond independently and as they want.

My hon. Friend the Member for Ynys Môn was quite right about protection. The Football Association has tried to modernise our approach. I do not want to lay blame or attack individual associations, but we should consider the point raised by the hon. Member for Carshalton and Wallington about the impact on the women's game and disabled people, and on greater inclusion.

**Adam Price:** In criticising the national associations and calling them intransigent, is the Minister not infringing on their autonomy? What is FIFA's attitude to such political intervention?

**Mr. Sutcliffe:** I said that it is the right of those bodies to do the things that they are doing; I just happen to think that they are wrong. As UK sports Minister, I regularly meet Wales, Scotland and Northern Ireland sports Ministers. It is important that we do not allow sport to become a political football and that we listen. However, we must deal with the facts as they are, and the fact is that there will be a team in 2012. I hope that we can have a team that represents the whole UK. That would be the best way forward, but if it cannot be achieved—

**Mr. Greg Pope (in the Chair):** Order. We now move on to the next debate.

## Financial Services Compensation Scheme

11 am

**Mrs. Ann Cryer** (Keighley) (Lab): May I mention that I have ditched half of my speech to accommodate those who wish to participate in the debate? On 13 January, I tabled early-day motion 426 entitled "Financial Services Compensation Scheme Levy on Building Societies". It now has 158 signatures, which is why I requested a long Adjournment debate this morning.

Let me give some background to the debate. The Financial Services Compensation Scheme is a safety net for customers of financial institutions in the UK and it steps in when institutions fail. In the recent economic turmoil, a number of banks have failed, including Bradford & Bingley, Kaupthing Singer & Friedlander, Icesave, Heritable and London Scottish Bank. However, not one private individual with a UK deposit in a failed bank has lost any money. In cases in which the amount insured by the FSCS has been exceeded, the FSCS covers the first £50,000 of an individual's deposit, and £100,000 in the case of a couple. At the time of the Bradford & Bingley failure, the equivalent figures were £35,000 and £70,000. The Government—or the taxpayer—have paid the remainder. That is to be welcomed and has helped UK depositors feel confident that their money is safe. However, the impact on building societies is unfair, which is why I requested this debate.

The compensation payments have been made in the first instance by the UK Government. Part of such payments have been in the form of a loan to the FSCS, which currently amounts to £18.7 billion. The principal of the loans will not become due until September 2011 by which time it is hoped that there will have been substantial recoveries from the assets of the failed banks. However, it is likely that a significant proportion of the £18.7 billion will still be outstanding. Although there may be some rescheduling of the loans, the principal will still need to be repaid and will need to be met by the FSCS levies on the industry.

In the meantime, building societies and banks are being required by the FSCS to service the interest on the loans made by the Government to the FSCS. Those interest payments are capped at £1 billion a year, of which the Building Societies Association estimates that building societies will be required to pay a fifth—up to £200 million a year—in each of the next three years. Building societies consider that a disproportionately high share of the compensation costs associated with failed banks. Societies are annoyed that although, by and large, they behaved prudently during the housing market upswing they are now being forced to pay for organisations that acted much less prudently. As mutual member-owned organisations, any additional costs such as those ultimately work to the detriment of society members—both savers and borrowers.

The cost to societies of up to £200 million per annum in each of the next three years would be equivalent to about 15 per cent. of the sector's annual pre-tax profit—based on the 2007-08 financial year. With the recent reductions in interest rates, the latest estimates are that the £1 billion per annum cap will not be reached this year. The Financial Services Authority's forecast is that the FSCS levy for 2009-10 will be £645 million, of which the BSA estimates that building societies will be required to pay £130 million. The impact on building societies contrasts starkly with the banking sector, in which the levy for FSCS management expenses is typically between 3 and 5 per cent. of pre-tax profits over a similar accounting period. It is particularly galling that in the few cases in which societies have got into difficulty, mergers have been arranged with stronger building societies, without recourse to the public funds. Such funds have been needed to bail out depositors at Bradford & Bingley and the other banks.

The fact that building societies are not profit-maximising organisations is fundamental to their mutual ethos. However, their modest profits, which contribute to their reserves and increase their financial strength, are being hit hard by the FSCS levies. Several building societies have recently announced their financial results for 2008, and all show the significant impact of FSCS levies caused by the bank failures of late 2008. Based on the 10 building societies that have reported annual results for 2008 so far, FSCS provisions have reduced reported pre-tax profit by a staggering 75 per cent. Without the FSCS levy, pre-tax profits for the 10 would have been £135 million. After providing for the levy—not all societies have provided for the levy in the same way—pre-tax profits were reduced to £34 million.

Building societies are a model whose time has come and should be encouraged. However, the FSCS-driven onslaught on building societies comes at a particularly bad time when one looks at the bigger picture. There is a backlash against the reckless, bonus-driven excesses that have characterised some sections of the banking industry over the past 20 years, which ultimately led to the near collapse of the system. A consensus is emerging that there is a need for a return to the old and possibly boring values of risk-averse banking.

There are 55 building societies in the UK, with total assets of £395 billion. They hold about 20 per cent. of the total outstanding mortgages in the UK, with about 2.9 million borrowing members, 20 per cent. of retail savings in the UK and more than 23 million investing members. Building societies employ more than 51,500 full and part-time staff and operate through more than 2,000 branches. On 22 February, the Prime Minister, in *The Observer*, said:

> "We do want to see the reinvention of the traditional savings and mortgage bank in Britain, for loans to be made on prudent, careful terms."

Building societies fit that bill. They are, in many ways, an antidote to the banking excesses of the recent past—a small corner of sanity. It thus makes no sense to be kicking them via the FSCS levy. Instead, they need to be nurtured and encouraged.

There are some possible solutions. Having demonstrated that the building societies and their 23 million investing and 2.9 million borrowing members are being treated unfairly under the arrangements for allocating FSCS levies, and that that is not a good idea given the valuable role performed by the societies, what now needs to be done to give building societies a better deal? Building societies are very supportive of the need for a deposit protection scheme. Although it is unlikely—though not impossible—that they will ever need to call upon it, they are happy to pay an appropriate share of the costs of the scheme. The point at issue is what that share should be. Societies consider there to be a strong case in

equity for the allocation of the FSCS levies to be modified to reflect better the relative risk profiles of building societies and banks.

There are several ways in which that could be done. For example, the contribution groups for deposit takers could be recast to include sub-pools so that the banks meet in full the first slice of any FSCS levy resulting from a bank failure. By that I mean before building societies and other deposit takers are required to contribute. Similarly, in the event of a building society-generated call on the FSCS, building societies would meet in full the first slice of any FSCS levy, before the banks and credit unions were required to contribute. Secondly, FSCS levies could be capped at a proportion of a deposit taker's pre-tax profits—for example, at 5 per cent. of the rolling average of the most recent three-year pre-tax profits. Thirdly, we could base the FSCS levies wholly on balance sheet quantities, but take account of the size of the total balance sheet rather than simply the retail balance sheet. Any of those things is likely to produce an outcome that is, over time, more fairly reflective of the relative riskiness of bank and building society businesses models.

How might the FSA and FSCS respond? I was encouraged to read the report of the Treasury Committee's questioning of the chairmen and chief executives of the FSA and FSCS on 25 February. They confirmed that in the light of the building societies' concerns, they would be embarking on a review of the FSCS. Loretta Minghella, the FSCS chief executive, told the Committee:

"I think we are all very conscious of the fact that the compensation scheme has to be funded by the live industry and that does mean that good firms pay for bad firms that have gone, so there is always an element of unfairness about any of the bills that we produce for people...I do think it is time to look again at the way the scheme is funded. One of the things that has come out over the past few months is that of course we have had the money that we have needed to pay the claims as they have fallen due, but the bills are coming at a difficult time and this does raise the question again of whether or not there should be an element of pre-funding for the scheme which I think will now come back onto the agenda."

After hard questioning by my hon. Friend the Member for Leeds, East (Mr. Mudie) on the unfairness of the FSCS levies on building societies, Lord Turner of Ecchinswell assured the Committee that the issue would be looked into. The Committee also had considerable sympathy for the plight of building societies. The Chairman, my right hon. Friend the Member for West Dunbartonshire (John McFall), said:

"We have had unsung witnesses here who came after the press, namely the Building Societies Association, who did not get themselves into trouble and that has made quite an impression on us."

Finally, I was puzzled that there was absolutely no mention of a review in two letters that I received subsequently from Mr. Jon Pain of the FSA. I shall pursue that with the FSA, but it would be helpful if my hon. Friend the Minister said what he knows of the review that was promised by the FSA and FSCS to the Treasury Committee, and when it is likely to happen.

11.13 am

**Charlotte Atkins** (Staffordshire, Moorlands) (Lab): I congratulate my hon. Friend the Member for Keighley (Mrs. Cryer) on her excellent early-day motion and on securing this important debate.

I have the good fortune of having the headquarters of two mutual building societies in Leek in my constituency—Britannia and Leek United. They differ in size, but they are trusted institutions and very much part of the local community in Moorlands. In the late 1990s, they were subject to the challenges of the carpetbaggers, but they resisted because of the loyalty, good sense and commitment of their members, who would not be bribed by cash handouts in return for demutualisation. How right they were. The 10 building societies that went down that route no longer exist as separate entities: they have been swallowed up by larger banking groups such as Barclays and Lloyds.

Leek United and Britannia offer something special to their customers: a safe haven for cash, trustworthy advice, sympathetic handling of mortgage arrears and membership benefits. They also make a huge contribution to the local community through charitable giving, volunteering and financial education. No wonder that, as trust in banks slid in the past year, 1 million new building society accounts were opened. That shows that building societies are perceived by their customers as outperforming banks in every aspect of customer service. That is not surprising, because, as mutuals, building societies do not have shareholders to please and are accountable only to their members. Some 74 per cent. of building society borrowers are extremely satisfied or very satisfied compared with 63 per cent. of borrowers from other institutions; 67 per cent. of building society customers think that their provider offers value for money, compared with only 48 per cent. of bank customers; and 68 per cent. of building society customers agree that their institution treats customers fairly compared with 55 per cent. of bank customers.

Building society business models are based on old-fashioned values that are relevant today in our financial crisis. The money deposited by building society customers is used as a basis for lending to other customers. Unlike the banks, which borrow in the wholesale markets to lend to customers, building societies are legally required to obtain a minimum of 50 per cent. of their funding from retail savings. Therefore, their exposure to the wholesale money markets is significantly less than that of banks. Building societies operate far less risky business models and take a prudent approach to lending. That is borne out by their low level of arrears and repossessions, which are in stark contrast to the latest figures published by the banks.

Building societies support the aims of the FSCS. In the current climate, it is important that savers in the UK feel confident about investing in the UK. The FSCS is an insurance policy, and it is right that building societies pay a fair premium. However, I cannot believe that the Treasury intended the FSCS to discriminate against prudent organisations such as Britannia and Leek United. By calculating the levy based on the share of the savings market and excluding, for example, current account balances, the burden is falling disproportionately on building societies and, more particularly, on their members, for it is they who will pay. For 2009-10, the FSCS bill will be around £130 million to the building societies, which is about 9 per cent. of the sector's pre-tax profits for the 2007-08 financial year. The societies' share of the levy for the years beyond 2011 is totally uncertain, but it could well cost as much as £200 million per annum.

*[Charlotte Atkins]*

That contrasts starkly with the banking sector, in which the FSCS levy for management expenses is typically less than 3 per cent. of pre-tax profits over a similar accounting period, or one third of building societies' exposure. There are two reasons for that. First, the current allocation of FSCS levies relates to the size of each contributor's retail deposit balances. Building societies, which have always raised the great majority of their funds from their traditional retail savings customers, will pay, relative to their total balance sheet, much more than the banks. Secondly, building societies aim to provide the best rates to both borrowers and savers, rather than maximise their profits and pay dividends to external shareholders. That is why so many building societies are at the top of the best-buy tables. Building societies' stated profits, even in good times, are much lower.

Having said that, Britannia has produced some excellent results for the past year—it must be congratulated on its ability to sustain itself in this period of financial turmoil. Leek United is by far the smallest of the two building societies in my constituency. The charge against its 2008 accounts will be a whopping 20 per cent. of its pre-tax profits. It will also be faced with significant charges in future years and a great deal of uncertainty about the size of the levy beyond 2011.

Proportionately, the cost to Britannia is not as great, but the cost to its members will be huge, as it is the members who will bear it. I should declare an interest: I am a proud member of Britannia building society. The 2008 charge to Britannia was £19.8 million. In 2009, it expects the figure to be about £12 million. That money would otherwise have been returned to Britannia's 3 million members, either through better rates or directly through its annual profit sharing scheme, which gives money to members based on the building society's performance in the previous year.

Surely it is grossly unfair that building societies should pay for the failure of dysfunctional banks. No building society has ever called on the FSCS or its predecessor schemes. That is not to say that it will never happen, but it never has, and that should be recognised. The Financial Services Authority should overhaul the UK's deposit protection scheme to ensure that building societies do not bear a disproportionately large share of the £1 billion annual bill. Should not building societies' and banks' payments into the compensation scheme be risk-related, as my hon. Friend said? Methods exist to do that, and they must now be considered urgently. It is not fair that building societies, which have operated such a prudent financial system, should be so penalised.

It would be ironic and devastating if, having seen off the rapacious carpetbaggers of 1999, Leek United should find its position compromised by the FSA's bid to bail out the very building societies that went down the risky, high-profit route of becoming banks. Leek United, helped in the battle by Britannia building society, rightly rejected that route because it decided that that was the best option for its members, and those members overwhelmingly supported it. Let us ensure that building societies are given the confidence to go forward rather than being penalised for being prudent and risk-averse.

11.23 am

**Willie Rennie** (Dunfermline and West Fife) (LD): I congratulate the hon. Member for Keighley (Mrs. Cryer) on securing the debate and thereby doing a great service to building societies in the UK, which are angry—furious—that they are being penalised for other people's mistakes. I have signed her excellent early-day motion. I declare an interest of which she just reminded me—I am grateful to her for triggering my memory—in that I am a member of Dunfermline building society in my constituency. Unfortunately, I will have to leave early, if you will excuse me, Mr. Pope. I have another engagement, but I will read closely the Minister's response in *Hansard* to ensure that all points have been dealt with.

In the heart of my constituency sits a modest but important building, the Dunfermline building society headquarters. Dunfermline building society has been a strong constant in west Fife and Scottish society for almost 150 years. While others have boomed and many have gone bust, it has stayed steady and strong. It is now the largest Scottish building society, with assets topping £3.3 billion and a network of 34 branches and 37 agencies. It is playing a crucial role in the expanding social housing sector in Scotland and recently announced an additional £30 million in funding for 500 affordable homes across Scotland during the next three years. In its strong support for social housing, Dunfermline building society has made a huge contribution to something important not just to the Government, but to all politicians in the House during these difficult times for the construction industry. I hope that the Government recognise that building societies contribute hugely to such important Government objectives and help the Government to achieve their aims.

Other institutions have chosen to travel a riskier route over the past decade or so. They have made substantial profits during that time, but those have profits have proven unsustainable. Meanwhile, societies such as the Dunfermline building society have steered a much steadier course involving lower profits and have turned out to be much stronger institutions in the long term as a result.

My mother and father are in their 70s. They are safe drivers who have hardly had an accident during their whole time as drivers and who, in recent years, have had no accidents at all. They secured a special deal through their insurance company that involves lower premiums. They are not required to pay as much as Jimmy Smith who lives next door, drives at breakneck speed at every opportunity and crashes regularly. They are rewarded for safe and responsible driving. That policy is not available only to my parents, by the way—it is not a special deal that I secured for them—but is available to lots of people throughout the country who are responsible drivers. Driving discounts arise through no-claims bonuses, but some are due also to age. Organisations such as Saga offer cheaper insurance for older drivers, who are regarded as safer.

The Government and the state seem to offer a different scheme. Those who are irresponsible—those who have the car crashes of the financial sector—have others to pick up the tab for them. That is fundamentally unfair and does not reflect fair and decent regulation. We require urgent change so that people are not penalised

for responsible behaviour. We have encouraged people to save, and now they are being penalised for doing so. That is extremely unfair.

When the Financial Services Compensation Scheme was at a lower level, the building societies accepted the fee that they were required to pay. They might have felt that it was disproportionate and unfair, but still they accepted it, perhaps because they could afford it. However, now that the fee has increased dramatically, those anomalies are being magnified—they have mushroomed tenfold. That must be addressed. Even though the arrangement might have been accepted in the past, that does not mean that it is acceptable now that the fee is much higher.

As a proportion of their profits, building societies are required to pay almost three times as much as the riskier banks. I am genuinely puzzled why that is the case. Why have we not got a better balance between value and risk? Surely we have learned something over the past year to 18 months. What is important is not just value and profits, but the associated risk. We should be encouraging the behaviour that encourages fine saving and safe saving, so that we do not end up having to pick up the tab for those who behave inappropriately. Does the Minister believe that we require an urgent change? Will there be a review to ensure that those who have chosen safer and more secure routes are not penalised for it?

Dunfermline building society is part of my community. It is well respected throughout west Fife and Scotland and it is a safe institution. There is an important point to be made in the wider perspective. When even the safe bodies that have not chosen the rocky road of high profits are under threat, the whole fabric of society begins to unravel and people have even less confidence in Government institutions and the advice provided by Government, Ministers and politicians. We must take an extra step to ensure that institutions such as the Dunfermline building society are rewarded, not penalised, for being trusted.

11.29 am

**Mr. Gordon Prentice** (Pendle) (Lab): I am here to support my friend and constituency next-door neighbour the Member for Keighley (Mrs. Cryer), who tabled the early-day motion that has attracted huge support from colleagues across the House. There is a problem, as everyone who has spoken has identified, and we are all looking to the Minister to give us a solution this morning.

The Marsden building society is located in the heart of my constituency, just as the Dunfermline building society is in the heart of the Dunfermline constituency, but the Marsden's reach extends across Lancashire. It has been a highly regarded and profitable building society for about 150 years; it was established in 1860 and has about 40,000 members. It does not pay dividends to shareholders, any profits are ploughed back into the organisation and it offers good rates to borrowers and depositors alike. It is a good, highly regarded organisation that supports the community and has a strong regional identity. Earlier this morning I visited its website, which tells its 40,000 members:

"As a member of Marsden Building Society you can rest assured that your savings are in safe hands. The Society's business model is well placed to protect the interests of members."

That is true—and what a contrast to the banks, which have let everyone down.

I do not know the last time that someone was knighted for their services to building societies, but we have the grotesque example of Sir Fred Goodwin, who still has his knighthood for services to banking. I am not going to be diverted down that road, Mr. Pope—I see you looking at me in that admonishing way of yours. As long as we have knighthoods and damehoods, I should like to see one go to someone who promotes the mutuals and building societies that play fair.

**Mr. Jeremy Browne** (Taunton) (LD): Does the hon. Gentleman have it in mind to put forward the hon. Member for Keighley (Mrs. Cryer) for a damehood for services to building societies?

**Mr. Prentice:** I would be delighted to do that, but I am against any name-changing titles, whether they are knighthoods, damehoods or anything else, but let me move off that point, interesting though it is.

I had a word with Neil Shoesmith, the chief executive of the Marsden building society, to tell him that my friend from Keighley had secured the debate, and the first thing that he said was that the Marsden accepts, without question, its responsibilities under the Financial Services Compensation Scheme. I would expect him to say that, because all the building societies realise that the burden should be shared fairly; however, it is not being shared fairly. As other Members have said, the liability for the levy favours organisations that are funded by the wholesale markets rather than by retail deposits. The Marsden, like most building societies, is almost 100 per cent. funded by retail deposits and the levy is equivalent to about 15 per cent. of its pre-tax profits, whereas a bank with high wholesale funding pays about 5 per cent., as we have heard. That is wholly disproportionate.

Despite those additional burdens, the Marsden has come through the crisis profitably, with strong capital and low-risk residential mortgage books, but that is not to say that building societies do not fail sometimes. The Skipton and Scarborough building societies recently merged; that is how building societies respond when they get into difficulties. They have not gone cap in hand to the public purse, expecting a bail-out as the banks have. We are now in a grotesque situation in which risk-averse building societies are funding, through the perverse levy, the losses of banks and other organisations that have failed because of their imprudent lending. That is the reality. The levy erodes building societies' ability to offer the best rates to savers and borrowers.

In a nutshell, prudent, profitable organisations such as the Marsden, with low-risk assets, are having to pay disproportionately for the excesses of those with high-risk assets and low capital. I do not know what we need to do get out of that situation. We have heard that the Treasury Committee is to conduct a review, and that Lord Turner is to look into the issue. Whatever happens, we need an early review of the scheme because of the corrosive impact that it is having on the Marsden and other building societies across the country.

11.36 am

**Anne Snelgrove** (South Swindon) (Lab): I, too, congratulate my hon. Friend the Member for Keighley (Mrs. Cryer) on securing the debate, which is of equal interest to me because the headquarters of the Nationwide

*[Anne Snelgrove]*

building society is in my constituency. I know that she has also been assiduous in taking this matter up in private meetings at the very highest levels of Government, and I congratulate her on that. Although I do not sign early-day motions, because I am a parliamentary private secretary, I support hers completely. *[Interruption.]* The hon. Member for Taunton (Mr. Browne) needs to speak to the Chief Whip, who reaffirmed last week, in a private meeting, that that is absolutely so.

The Nationwide employs many people from my constituency and the surrounding constituencies, many of whom have written to me about the levy because they are concerned about the effect it will have on the Nationwide in Swindon and the great part that it plays in the community and the knock-on effect on that community. It is one of those businesses that makes a major contribution to our local and national economy, being the largest building society, and the initiatives that it takes on locally and nationally are ones that the Government would support, because it helps Swindon residents and the wider society. We are asking the Government to support it and all the other building societies that hon. Members have discussed today.

I was seven years old when I opened my first building society account. My parents took me to the Halifax because they banked there and they felt that it was a safe place to put their money. It was once the biggest mutual and was the watchword for safety, but then it demutualised. I kept my account into my adulthood, as I am sure many other hon. Members did. I voted against demutualisation, and I think that those who thought demutualisation the wrong thing to do have been proved right. Both my right hon. Friend the Member for Birkenhead (Mr. Field) and I knew that something was wrong with the Halifax in 2006, when the Christmas hamper firm Farepak collapsed and HBOS grabbed £30 million of savers' money to add to its £4.8 billion profit. We said then that something fundamental had changed in that institution that would lead to its downfall. Even so, we called on the bankers, in early-day motion 117 of the 2006-07 Session, to repay that £30 million, and we warned that the collapse of Farepak would be a greater portent of what was happening to that demutualised society.

Although many financial institutions, such as HBOS, have not been prudent in recent years, the Nationwide has been. It has remained mutual and it has protected savers. I have a lot of time for the Co-operative party's campaign to remutualise Northern Rock and Bradford & Bingley, as mutual ownership has long been shown to be a good solution for ensuring a stable, long-term future for Nationwide and other building societies. However, instead of being rewarded for that, they are being punished, as my hon. Friends have said.

As the Building Societies Association argues, it is particularly galling that, in the few cases where building societies have got into difficulties, mergers have been arranged by stronger building societies without recourse to public funds—a phrase my hon. Friend the Member for Keighley used and one that we should repeat. I therefore congratulate the Nationwide on taking on board two smaller societies—the Derbyshire and the Cheshire—to safeguard those building societies and the whole sector.

Conversations with the chief executive of Nationwide, Graham Beale, who would be an admirable candidate for a knighthood, have shown that both he and the board felt strongly that it was their duty to take on the societies that had been exposed to some toxic debts and that they should do so at no expense to the taxpayer. However, as a mutual, all the Nationwide's profits are ploughed back into the organisation and any losses have to be absorbed by the organisation. The Nationwide has no shareholders to cream off the dividends so it keeps a much smaller amount in reserve, most of which is in its retail balances. Even in good times, building societies' stated profits will always be lower, so they will still suffer from the system that the Financial Services Compensation Scheme has created.

The Nationwide is being forced to pick up the bill for the failure of banks, and rather than being supported at a time of stress, it is being leant on. That gives the building society sector less room for manoeuvre and leaves it with less money to lend to its customers at a time when the Government are asking them to lend more. Nationwide favours a pre-funded scheme based on risk. I would like the Minister to consider such a scheme and give us his opinion on it. Last year, the Treasury Committee said that it favoured such a scheme, which would provide greater consumer confidence and encourage institutions to act prudently. Last June, the Governor of the Bank of England also said:

> "A degree of pre-funding is one of those ideas that is bound to be unpopular before the fund is called upon, but seems decidedly wise after the event as it lessens the burden on the banking system in a time of stress".

A risk-based levy could be introduced whereby banks meet the first slice of any FSCS levy resulting from a bank collapse, with building societies contributing only after the banks have paid their dues.

**Mr. Mark Hoban** (Fareham) (Con): Will the hon. Lady give way?

**Anne Snelgrove:** Very briefly.

**Mr. Hoban:** The hon. Lady has plenty of time in which to take interventions. Does she think that the same principle should apply to credit unions and that they should bear their losses first? At the moment, when a credit union collapses, the cost of compensation or of meeting customer balances is spread between banks, building societies and credit unions. Does she think that credit unions should stand alone too?

**Anne Snelgrove:** Credit unions in this country do a fantastic job, particularly for the small savers in my constituency who suffered from the collapse of Farepak. We should consider all those points, but I will not go as far as saying yes to the hon. Gentleman's question because I know that some credit unions are small organisations and that they are not nearly as large as the building societies that we are discussing. We need to look at credit unions as a separate case.

Finally, I ask the Government to consider increasing the compensation limit to £100,000. That is something that the building societies have also asked for. Doing so would help them to compete with European and American banks and would protect 99 per cent. of building society deposit balances. As hon. Members have said, no building

society has ever made a call on the FSCS levy, and Nationwide and all the building societies that we have heard about today are paying for institutions that have behaved far less prudently than they have. I hope that the Minister will listen to our pleas and will stop this iniquitous levy on our local building societies, which are local and national heroes.

11.44 am

**Mr. Jeremy Browne** (Taunton) (LD): Thank you, Mr. Pope, for giving me the opportunity to speak in the first of the winding-up speeches on this extremely important subject. I congratulate the hon. Member for Keighley (Mrs. Cryer) on securing the debate. She has not yet been recognised for her services to the building society sector by Her Majesty the Queen, but no doubt that time will arrive in due course. The hon. Lady has given us a welcome opportunity to discuss a vital topic, and it has been taken up by a number of hon. Members who have direct constituency experience of the benefits that building societies bring to their communities and, indeed, in most cases specifically to them as individual depositors and savers.

My party supports an insurance scheme because it is an extremely sensible safety net. The initial scare led to depositors queuing in an orderly British fashion outside Northern Rock to withdraw their deposits. One feels that in many countries people would have been breaking down the doors, but in this country people stood for hours and hours in queues. However, so far no one has actually lost their money in the banking crisis or storm that has hit our financial sector. That is very important because if the view took hold among the population that if banks or building societies were going down, people would lose their deposits and, in some cases, their life savings, panic would set in. People would want to withdraw their money and keep it under their mattress or put it into what they regarded as a safe harbour. That would obviously have profound implications for the banking and financial sectors, and indeed for the economy as a whole.

It is not just in the interest of the individual depositor or even the individual institution to have some sort of safety net to protect people, although obviously the primary beneficiaries, at least in the immediate term, are depositors who have confidence in the British financial sector. Of course, if we did not have a scheme of this type, people would still expect to be bailed out if their bank or building society failed, so in a way the insurer of last resort would be the state. That is increasingly what is happening, but the banks and building societies themselves have a responsibility to insure as far as possible against risk in their sector, and they should not assume that the state will always be there to pick up the pieces. If the state needs to do that on behalf of all of us, using the money we all give to the state as taxpayers, it should be the last resort rather than the norm. My party shares the wide consensus that an insurance scheme broadly of that type is a desirable and sensible way to proceed.

Engaging in the key point of the debate, I also agree that the share the mutualised building societies are being asked to contribute is unreasonable. The relevant calculation—a point made by my hon. Friend the Member for Dunfermline and West Fife (Willie Rennie) and others—is surely not the overall share of the market for mutualised building societies compared with that for banks. Surely, the relevant consideration is the risk to funds of depositors in the building society sector compared with the risk to those in the banking sector. One does not need to calculate that risk in a particularly sophisticated way—although no doubt there is benefit in doing so—because the evidence is there for us all to see.

Many of the Members who have contributed to the debate have already made the point that so far no mutualised building society has had to draw on that insurance-based scheme. To use the example mentioned by my hon. Friend, the situation is like that of the extremely cautious driver who makes sure that their car is insured. Of course, they are legally obliged to do so, but their low premium reflects the low likelihood that they will ever have to draw on the insurance. That is surely the relevant and sensible model for us to follow. Its logical conclusion is that because building societies are much lower risk, they should pay a much smaller proportion to cover against risk than higher-risk institutions. It would be an extraordinary irony if building societies were threatened because of the size of the levy on them to cover the risks taken by the banks that got us into these difficulties in the first place.

While we have the opportunity, and because it is relevant to our deliberations, I want to widen the debate slightly and consider how we got into a situation where building societies feel that they are being put under unreasonable pressure and banks are much more likely to draw on the insurance-based scheme. I agreed with many of the comments that the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) made, but I do not necessarily take the view she seemed to imply that shareholder institutions inevitably deliver a lower level of customer service than organisations that do not have shareholders. I believe that shareholding capitalism has an important, dynamic part to play in our economy, and it would be wrong for us to conclude that shareholder capitalism per se has failed.

Clearly, many capitalist organisations with shareholders—in this case, banks and financial institutions—have failed. In part, that was caused by a failure of regulation and of leadership at the highest levels of the banks, and by pure greed. People put short-term profitability before the long-term interests of their institution.

I remember the unseemly clamour when many of the building societies demutualised. When the people who had previously been running the mutualised building societies went into work after demutualisation to do what, on the face of it, appeared to be exactly the same job as they had done before, they thought it only right that they should be paid an amount that was three or four times more because they were now running a swashbuckling financial institution—yet they were sitting in the same office doing what appeared to be much the same job.

That was also the case when many of the utilities were nationalised. Civil servants who appeared to be perfectly competently running utilities suddenly thought that they were right at the cutting edge of modern capitalism and paid themselves far greater salaries to do what appeared to be much the same job as they had done before.

**Mrs. Cryer:** Is the hon. Gentleman aware that at the time of the demutualisation of Bradford & Bingley and the Halifax, which are both adjacent to my constituency, I and many of my colleagues wrote to the two organisations and begged them not to demutualise? Now we feel like saying, "We told you so."

**Mr. Browne:** I am sure that the hon. Lady did that. One of the things that I thought was interesting about the phenomenon was that when members got the letters through their door, many seemed to take the view that it was an opportunity to get a free cheque for £200, £300 or £400, with no downside at all. I do not think that the members who voted for demutualisation can completely absolve themselves of blame; there was a vote, and they chose to exercise it. The situation was presented to people—at least they chose to see it that way—as though the question was, "Do you want to be given several hundred pounds with no downside?" It is not surprising that many members of the building society, when the choice was presented to them in those terms, thought, "Why not take the money?" They would still have a mortgage with the same organisation, which would have the same name, and they would go into the same office to talk to the same people in the same uniforms, but they would have enough money to pay for a holiday in southern Europe, or whatever.

[Mr. David Amess *in the Chair*]

It seems that only now the chickens are coming home to roost, and people have realised what they let themselves in for, but at the time it appeared to many people who were less forward-thinking than the hon. Lady that demutualisation was all upside. At the time, there was no obvious downside.

However, it is fair to say—I shall inject a note of politics into this discussion—*[Interruption.]* No, it is important, because it is almost exactly a quarter of a century since the big bang, and the financial deregulation mood took hold in this country and there was a sea change in the way that we viewed and approached financial services. During that quarter of a century, the Conservatives and Labour have governed for almost precisely the same proportion of time. They were both in power for about 12 or 13 of the past 25 years and, in that sense, have presided equally over the process.

Anyone viewing the financial catastrophe that has engulfed the whole financial services sector could reasonably ask what the motivation was that led to both the Conservative party initially and then the Labour party being so remiss when it came to trying to prevent it. Why were they asleep at the wheel? Was it simply incompetence, or were other motivations and forces at work?

It was the Conservative party, of course, that sowed the seeds of many of the problems that we face today. There was a belief in high-risk, high-return capitalism. I am trying to look at the situation as dispassionately as possible and I think that was the main motivation for many Conservatives in the "loadsamoney" 1980s—you will remember, Mr. Amess, that the 1980s were satirised as being about loads of money and, as there often is, there was truth in the characterisation. It was a me-first decade, and a time to make money as quickly as possible.

As I try to understand why that mood gripped the Conservative party at the time, and is probably still very much a characteristic of its outlook, I suppose that it was a reaction to the cloying corporatism of the 1970s. The sense took hold that dynamic, entrepreneurial people were being held back and needed to be liberated, and that we needed a higher-risk, lower regulation economy. That was a world away from the benefits of prudent mutualisation that we are discussing this morning and, of course, the chickens have come home to roost.

I have not informed the right hon. Gentleman that I would mention him because he has only just come into my mind, but Members such as the right hon. Member for Wokingham (Mr. Redwood) were making such a case until a few months ago. This is not a history lesson. The Conservative party is still very much wedded to the approach that led to the failures of institutions in the financial services sector that are now becoming apparent even to them.

What is harder to understand is why in the second half of that quarter century the Labour party, which one traditionally thinks of as the party of the left, of trade unions and even of socialism in the United Kingdom, presided over disaster in the financial services sector. Again, I am trying to look at the situation as dispassionately as possible and trying to understand. I have heard several Labour Members make extremely reasonable, sensible speeches, but one would think from listening to them that Labour had not been in Government for the past 12 years, and that a Labour Government had not set up the regulatory system that allowed the failure to happen.

As I try to understand how the Labour party came to preside over the collapse in Britain's banking system, I conclude that the motivation was probably a desire to rebrand as Labour after Tony Blair became leader of the party in 1994.

**Anne Snelgrove:** Will the hon. Gentleman give way?

**Mr. Browne:** In a moment. There was a desire to come up with a wholly new entity—new Labour—and it was important that it was branded as something separate from the Labour party that had gone before, which had lost the previous four general elections, as you, Mr. Amess, will remember more than anyone.

**Mr. Prentice:** On a point of order, Mr. Amess. That is straying way beyond the terms of the debate. We have been listening for the past 10 minutes to something that has no direct bearing on the subject before us.

**Mr. David Amess (in the Chair):** I have to advise Mr. Browne that a valid point has been made. I ask him to stick much more closely to the terms of the debate.

**Mr. Jeremy Browne** *rose—*

**Anne Snelgrove:** Will the hon. Gentleman give way?

**Mr. Browne:** I seek your advice, Mr. Amess. Am I able to give way on a subject that you have ruled to be inappropriate for discussion?

**Mr. David Amess (in the Chair):** The intervention must be specifically about the Financial Services Compensation Scheme and the levy on building societies.

**Anne Snelgrove:** Mr. Amess, you took the words out of my mouth. The FSCS is, of course, a body that was set up by the Labour Government in 2001—traditional values in a modern setting—and part of the regulatory regime and one of many measures introduced by the Government. The first Standing Committee I ever sat on was about regulating credit cards. I am delighted with the regulation that we introduced. However, we face a global economic crisis that neither this nor any other Government predicted.

**Mr. Browne:** Interventions from Parliamentary Private Secretaries remind me of speak-your-weight machines. One puts in the necessary information, and it comes out the other end.

For many years, there have been warnings from my hon. Friend the Member for Twickenham (Dr. Cable) and many others, so I observe only that the Labour Government are the Government now and have been for 12 years. One burden of being in government—an opportunity that, sadly, I have yet to experience—is that one has to take responsibility when things go wrong as well as taking the credit when they go right. That is the misfortune that Labour must face, having presided over a collapse not only in the number of mutual building societies but, more importantly to some people, in the viability of many financial institutions.

My party opposed demutualisation—as did the hon. Member for Keighley and others. We need a mixed sector, comprising a banking segment and complementary mutual building societies. There should not be one dominant model; it is not desirable for all mutuals to turn themselves into banks, because mutuals offer different and complementary services. We also need to move to a different banking model altogether, separating the high street banks and their depositors—the people we meet in our constituencies who put their savings and money into banks and borrow small amounts from them under the protective umbrella of insurance schemes and, ultimately, if need be, the state—from the high-risk investment banks.

The hon. Member for Pendle (Mr. Prentice) touched on my next point. When I look at the very highly paid chief executives and senior managers of banks, I am always reminded of the expression about criminals: "If you do the crime, you have to be man enough to do the time." If bankers are willing to take the big pay when times are good, they have to be big enough to take the losses when times are bad. It is no good people saying, "We want the state out of our lives—all those people trying to regulate and frustrate our entrepreneurial spirit," as they make lots of money and award themselves huge bonuses, when as soon as things do not go so well for them, they suddenly want to be propped up and looked after.

**Anne Snelgrove:** Will the hon. Gentleman give way?

**Mr. Browne:** I am coming to my final point and want to leave time for the other speeches, but I shall give way once more.

**Anne Snelgrove:** Will the hon. Gentleman's party give back the dodgy £2 million from its dodgy donor?

**Mr. Browne:** I am not entirely sure about that question, so I shall defer to you, Mr. Amess.

**Mr. David Amess (in the Chair):** I ask the hon. Gentleman to resist responding to it, because I cannot quite see its relevance to the debate.

**Mr. Browne:** I cannot either. It may be displacement theory—a cry for help from the party that presided over disaster.

In conclusion, my party strongly supports the point that early-day motion 426 makes. It is extremely regrettable that we are in this deep financial crisis, which has affected our whole economy and continues to do so. There are big lessons that we can learn about how our financial institutions are regulated and the merits of a mutual sector that works much more prudently and modestly on behalf of its members than banks have on behalf of their account holders. I hope that the Minister will look kindly upon the case that the hon. Member for Keighley and others make, because the hon. Lady makes an eminently reasonable point about the balance between risk and reward. At the moment, the building societies are being very unfairly treated.

12.3 pm

**Mr. Mark Hoban** (Fareham) (Con): I congratulate the hon. Member for Keighley (Mrs. Cryer) on securing this interesting and thoughtful debate. It raises a host of issues, some of which are relevant, and others, including many remarks that the hon. Member for Taunton (Mr. Browne) made in his 14-minute speech, which seem wholly irrelevant, given the title of the debate.

I shall probe the issues that have been raised and, in doing so, comment directly or indirectly on the speeches made by the hon. Members for Staffordshire, Moorlands (Charlotte Atkins), for Dunfermline and West Fife (Willie Rennie), for Pendle (Mr. Prentice) and for South Swindon (Anne Snelgrove). I intervened on the hon. Member for South Swindon regarding credit unions, because, importantly, the Financial Services Compensation Scheme shares the risk of failure between sectors, and if one part of the deposit-taking pool wanted to go it alone, there would be an issue about how it affected other parts of the pool.

**Anne Snelgrove:** Having had time to reflect on the hon. Gentleman's point, my response is that credit unions are so small and deal with so few people that they will not call on the FSCS as much as he makes out. I take his point, but any measure must be part of an overhaul of the whole system.

**Mr. Hoban:** The hon. Lady makes an important point. We must think about what risk we are trying to assess, because although the absolute amount that credit unions may call upon from the FSCS may be small, credit unions collapse more frequently than banks or building societies, so the assessment of risk is much more complex than the debate has so far addressed. The hon. Lady and the hon. Member for Pendle pointed out that building societies have swallowed their own smoke in this financial crisis and, indeed, problems with building societies have led to mergers.

The hon. Lady mentioned Nationwide acquiring the Derbyshire and Cheshire building societies. It is worth pointing out that they were the two societies that sold their offshore deposit-taking activities—Derbyshire in the Isle of Man to Kaupthing Singer & Friedlander,

*[Mr. Hoban]*

and Cheshire in Guernsey to Landsbanki—and created a raft of problems for savers inside and outside the United Kingdom. Building societies must remember that rescuing smaller institutions involves a cost to them and to their members. No merger is cost-free, even if only the cost of the transaction is involved. Indeed, building society members pick up costs from two sources: first, the levy from the FSCS and, secondly, the cost of the merger with their stronger counterparts.

Everyone on both sides of the House—or around the hemicycle, whichever way one refers to Westminster Hall—agrees about the importance of the financial mutual sector and wants it to survive and to continue to strengthen, because its ethos gives a distinctive character to its organisations and how they deal with their members and customers. There have been legislative changes to strengthen the sector. The hon. Member for Staffordshire, Moorlands referred to Britannia building society, which is merging with Co-operative Financial Services and taking advantage of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007, which my hon. Friend the Member for Bournemouth, West (Sir John Butterfill) promoted during its passage through the House. That legislation is being used to help to strengthen the mutual sector.

The hon. Member for Keighley made a cogent argument about the building society levy's disproportionate effect on building societies, and I noticed yesterday, when Newcastle building society published its results, that the levy amounted to about £6 million. Unfortunately, the other major factor affecting that institution's results was its exposure to Icelandic banks, so it has been caught twice by the financial crisis.

The FSCS is an important tool that protects consumers in the event of a default and an important part of the architecture of this country's financial regulation. Although the scheme came into effect in 2001, there were predecessors, including a stand-alone building society scheme that has now merged with the overall scheme for deposit takers. The FSCS exists to instil confidence in consumers, and it is important that the institutions that benefit from being able to offer their customers such protection recognise the costs that must be paid when there is a default.

One point that has come out a couple of times during the debate is that no one, either when the FSCS scheme was set up in 2001 or when its funding was reviewed in late 2004 or early 2005, envisaged the current financial crisis. I do not think that we would have had this debate had it not been for the fact that the FSCS has been used as a conduit for funding the transfer balances from Bradford & Bingley to Banco Santander and some of the balances from the Icelandic banks to ING and to make payments out to some people who have banked with the Icelandic banks and London Scottish. There is a cost attached to that. No one in this debate has argued that the industry should not bear that cost, because if it did not do so the taxpayer would.

The taxpayer is making a significant contribution to the funding of the bank rescues, but it is right that the cost of bailing out individual institutions is borne by the industry. The question then becomes how that burden can be shared. Clearly, the existing funding mechanism that has been reviewed and supported relatively recently comes under particular strain at a time such as the present. Building societies are not the only ones who are concerned: independent financial advisers are also worried about some of the costs that they are having to bear in respect of the collapse of Pacific Continental Securities, for example, which is a boiler room that has gone bust owing a huge amount to its customers, leaving IFAs to pick up some of the tab. It is not just building societies that are facing this situation. Even if we accept the inequity of how the cost of financing has been borne by building societies and others, the question is, how can we design a more equitable scheme? Obviously, the responsibility for that rests with the FSA, which designed the scheme rules, and it will need to think about that.

A number of suggestions have been floated in this debate, including one to cap the contribution under percentage of profits. That is fine when all businesses are profitable, but I am not sure how such a scheme would work in practice at the moment, given the losses that have been incurred by the large banking institutions, such as HBOS, Lloyds and RBS. Of course, the scheme needs to cover all its costs, but a cap on contributions may mean that an element of the cost of the scheme will not be met from that levy. So what would happen then? Who would pay the excess over the amount that would be generated if the levy was restricted to 5 per cent. of profits? It is not clear to me how such a scheme would work in practice and who would pick up any shortfall.

There has been some discussion about risk. The hon. Member for Dunfermline and West Fife talked about that in the context of a no claims bonus-type scheme, as used for motor insurance, but that presupposes a level of pre-funding. There has been a lot of debate about whether there should be a pre-funded compensation scheme. The Minister and I discussed that topic at some length during the Commons' consideration of the Banking Bill. Pre-funding had its attractions, but some difficulties attach to a pre-funded scheme. When the Banking Bill Committee took evidence from various interested parties at the start of its proceedings, Adrian Coles, the chief executive of the Building Societies Association, was quizzed on a pre-funded scheme and he said that such a scheme, assuming that building societies had to hold the same capital, could lead either to savers being paid a lower rate of interest or to borrowers paying a higher rate of interest. So even a pre-funded scheme is not cost-free from a building society's perspective in relation to how it supports its members. There are some complexities that would need to be worked through in respect of a pre-funded scheme.

**Anne Snelgrove:** I understand the hon. Gentleman's point about the complexities, which need to be considered carefully. We are just asking the FSCS to look again at various approaches. The building societies are not asking to be let off scot-free: they are asking for a more level playing field, because at 3 per cent. of profits for the banks and 15 per cent. on average for the building societies, the levy is inquitous.

**Mr. Hoban:** I agree. There is a lot of sympathy out there for building societies, but the solution is not necessarily straightforward. That is why I reflected on the comments made by Adrian Coles of the BSA. A risk-based pre-funded scheme would have an impact

upon a building society's ability to serve its customers: it might have to either pay a lower rate to savers or charge borrowers a higher rate. Any review of the scheme needs to be carefully thought through, because there is no easy solution. The solutions proposed so far have their failings and will create a set of winners and losers. It is not necessarily about one sector winning and another losing. Some people in the building societies sector may lose out as a consequence, depending on how risk is assessed and quantified.

I am also concerned about the idea, which has been suggested, of moving away from the larger pools for deposit protection to smaller pools, with building societies perhaps picking up the first tranche of a series of losses. Would the building societies be in a position to bear the first loss? How big would that pool be? At what point would the risk be shared with banks and other deposit takers and then, at the next level up, with other financial services institutions? There has been a big debate already about how big the various pools should be and whether they should be tightly defined in relation to particular types of institution or whether they should be broader and what the transfer risk between them is. There is no easy solution to this problem; I wish there were, but I do not believe that there is. I do not think that there is a quick solution, either, as any solution will involve significant change and needs to be properly thought through.

I welcome the FSA's consideration of the matter. It has already embarked on a review of the Financial Services Compensation Scheme to consider how it can introduce seven-day pay-outs or a single customer view and some other important issues. I hope that it looks at this matter carefully, because if there is to be change it is important that we get the right answer—one that is equitable and does not have any unforeseen consequences. We have seen in this crisis that a scheme that was supported by a range of institutions not that long ago is coming under pressure because of a specific set of circumstances. New circumstances may arise in future. Perhaps because of the consolidation of the building society sector, building societies will not be able to swallow their own smoke as they have done in the past. What would be the consequences of that if we moved to smaller pools or a pre-funded scheme, or one based on risk?

This is a complex topic. There is a great deal of sympathy with the views of building societies, but I do not think there is a clear solution—a clear way to tackle the problems—at the moment.

12.18 pm

**The Economic Secretary to the Treasury (Ian Pearson):** I congratulate my hon. Friend the Member for Keighley (Mrs. Cryer) on securing this Adjournment debate. Through the early-day motion and extensive lobbying, she has shown a great interest in the impact of FSCS levies on building societies, and we have previously discussed the matter. I hope to use this opportunity to go into greater detail on the current position.

It is important to set the matter in context. I do not think that I need to say that we are living through extremely uncertain times and that the banking crisis has made the past 18 months challenging for the industry, the Government and the general public. Now is not the time to debate the causes of the crisis or to decide who is to blame. Suffice it to say that the Government took action when they needed to in relation to Northern Rock, Bradford & Bingley and the Icelandic banks. As my hon. Friend noted, no retail depositor in British banks has lost out in the wake of the global financial crisis. I emphasise that the Government remain committed to doing whatever it takes to stabilise the banking system to protect depositors and taxpayers and to support the wider economy.

As hon. Members will be aware, we brought into force the Banking (Special Provisions) Act 2008 to give us the right mix of emergency powers to deal with deposit takers in difficulty. That Act's successor, the Banking Act 2009, reformed those powers and put them on permanent footing. It made some changes to the legal framework for the FSCS and introduced a new bank insolvency procedure, which aims to allow speedier payouts to eligible depositors. We hope never to have to use those powers, but we are now in a position to deal swiftly and precisely, if necessary, with financial institutions that pose a threat to financial stability in the UK.

We have used the powers under the 2008 Act to protect the financial system by, as the hon. Member for Fareham (Mr. Hoban) noted, transferring deposits from Bradford & Bingley, Heritable and Kaupthing Singer and Friedlander. We have also ensured that retail depositors in UK branches of Landsbanki and London Scottish have been fully compensated. All that costs money. The Government contributed by paying for the transfer of deposits or compensation when depositors stood to lose more than £50,000. We expect the Icelandic Government to support deposits in branches of Icelandic banks.

That leaves a cost, which falls on the UK FSCS. As my hon. Friend the Member for Keighley clearly outlined, the principle behind the scheme is that the industry mutually meets the costs of compensating retail customers for losses caused by the failure of their peers, be they deposit takers, insurers, or other firms. I did not hear any hon. Member who spoke today argue with the general principle that the industry should meet its own costs of failure.

Under normal rules, a large part of the cost of compensating depositors could have fallen immediately on FSCS levy-paying firms. That would have left deposit takers facing a £1.8 billion bill and other firms a £2.2 billion bill. The Government recognised that that would be a serious burden for many firms and that the FSCS would still need large loans to meet costs over the first £4 billion. Accordingly, we arranged for the Bank of England to make loans. The loans are being refinanced by the Treasury, but they will have to be paid for. The interest costs on the borrowing will be met by deposit-taking firms, and the loans will be repaid over time by FSCS levy-payers after recoveries have been made from the assets of those banks that were the subjects of pay-outs.

As my hon. Friend explained, the deposit-taker category of firms includes banks, building societies and credit unions, which brings us to the nub of today's debate—that building societies believe that it is unfair that they must contribute to the cost of failed banks. I understand that, and I have every sympathy with societies who find themselves in that position.

**Mrs. Cryer:** I think the building societies object not to contributing to reimbursement in relation to failed banks, but to the proportion that they are paying compared with the banks.

**Ian Pearson:** I agree with my hon. Friend, and I will say more about that if I can. We face a zero-sum game: if one person pays less, someone else must pay more. My hon. Friend suggests that it is a matter of balance and that building societies are being unfairly discriminated against. She and my hon. Friends the Members for Staffordshire, Moorlands (Charlotte Atkins), for Pendle (Mr. Prentice) and for South Swindon (Anne Snelgrove) spoke eloquently about building societies in their constituencies—Britannia, Leek United, Marsden and Nationwide—and rightly made the point about the share of the FSCS levy that building societies are expected to pay. The hon. Member for Dunfermline and West Fife (Willie Rennie) said that the Dunfermline building society is a strong constant in his constituency and made the point that my hon. Friends made about the value of mutual societies. We all recognise that that is important.

Let me be clear about the current position and responsibilities. The detailed rules on levies for the FSCS are a matter for the Financial Services Authority, which was set up as an independent regulator under the Financial Services and Markets Act 2000. The Government have always been clear that the costs of the scheme should be met by the financial services industry, and one of the main reasons for the scheme is to protect consumers' confidence in the industry. All parts of the industry benefit from it.

A question for the FSA to consider is how to divide the costs among levy payers. It is entirely rational and sensible that in the first instance each sector should consume its own smoke. Building societies are deposit-taking firms, and it would be extremely unfair if parts of the industry that are more remote from deposit-taking firms should pick up the tab before they do. If a building society encountered difficulties, depositors would be protected by the FSCS as much as if they had put their money in a bank. However, the problem remains, as my hon. Friend the Member for Keighley said, of whether it is appropriate to split off a separate sub-class of FSCS levies for building societies. As the hon. Member for Fareham said, that raises some serious and complicated questions. It could result in building societies not contributing in the first instance to the cost of bank defaults, but banks could not then be expected to contribute in the first instance to protection for building societies.

Under the legislation, that is a matter for the FSA, which is an independent body, and it considered it during the last major review of FSCS funding, in 2007. At that time, the FSA came out in favour of a single class covering all deposit-taking firms. When the review ended, the FSA published a policy statement which says:

"We discussed the revised proposal to keep a single deposits class with the British Bankers' Association...and the Building Societies Association...Neither trade association expressed opposition to the proposal."

**Anne Snelgrove:** Will the Minister give way?

**Ian Pearson:** I have only a few minutes left, but I will give way in a moment if I can.

Other options have been considered, such as pre-funding, which is a system in which levies are used to build up contingency funds to meet future compensation costs. I want to make it clear again that the Government do not believe that it would be appropriate to introduce pre-funding in the near future and we do not intend to do so, but if a contingency fund had been built up, it could have been used to meet part of the costs that the FSCS has incurred. That would have reduced the burden on levy payers today, but levies would have had to be collected in the past to build up the fund, and banks and building societies have consistently opposed pre-funding.

How the levy is apportioned between firms and societies is a matter for the FSA, which is consulting on a new basis for apportionment between individual firms that reflects the deposits that are protected by the FSCS. We will monitor that with interest, but I am not entirely convinced that it will provide the sort of remedy that my hon. Friend the Member for Keighley seeks, because the review is quite narrow. The FSA has given a commitment to undertake a review of the funding model in 2010-11, and obviously the situation has become important because of what has happened in recent months. I shall ensure that this debate and my hon. Friend's suggestions for solutions are brought to the attention of the FSA.

Inevitably, when there is a bill to pay, there will be a debate about who pays and how much. We all agree with the logic of a compensation scheme financed by the industry. Levies will be paid by firms that did not default, so most of them will pay for the failure of others. That is not ideal, and it is important that the FSA continues to consider alternatives, and that the Government and the industry continue to engage and to ensure that UK retail deposit takers continue to have the best possible protection.

I am happy to meet my hon. Friend and to discuss the subject further. She is aware that the FSA leads as an independent regulator, but the matter is clearly of great public interest and I have no doubt that we shall have further debates.

## Film Industry

12.30 pm

**John Barrett** (Edinburgh, West) (LD): "In the cinema, you dream with your eyes open." Those words were spoken by Bernardo Bertolucci at the Edinburgh international film festival some years ago, and for me they sum up why we are having this debate. The film industry in the UK is important for a wide variety of reasons. It is important culturally, creatively, economically, technically and for many other reasons. At one end of the spectrum, going to the cinema is an enjoyable night out; at the other, this is a vital multi-million pound industry.

In Parliament it is our duty to ensure that we react quickly to changes in technology and in the criminal world to ensure that this important industry receives the protection and support that it deserves from its law-makers. We must ensure that, when required, we introduce the legislative changes needed to tackle copyright theft in all its forms. Today we are considering the impact of copyright theft on the film industry, but it is worth mentioning that it spreads into many walks of life in a wide variety of industries, from pharmaceuticals, where fake products can be a matter of life and death, to fake components for cars, which can have the same disastrous result.

In the creative industries, while we see those at the top of the trade on the red carpets and on television, there are many others who struggle to get by. They, too, should have their original work protected by law, so that they can be paid for what they have created; otherwise they will have no financial incentive to carry on.

In recent weeks and months we have seen the banking industry go into meltdown. Whatever the reasons, the results for many have been dramatic, with job losses and much more. My constituency has the global headquarters of the Royal Bank of Scotland and many employees from all the major banks. RBS has announced 2,300 job losses in the UK, with the chief executive confirming that in the longer term the number might be as high as 20,000. Although manufacturing industry has declined dramatically in this country since the war and other jobs have gone abroad, one shining light in the UK economy is the creative industries, and within that group the UK film industry plays a major part.

If anyone doubts the range of jobs involved, they have only to stay behind and look at the credits at the end of any film to see the endless list of creative and technical jobs and expertise that have gone into the production. Britain is recognised worldwide as the home of some of the best talent in the world today. The recent British Academy of Film and Television Arts and Oscar awards testify to that. I am thinking of "Slumdog Millionaire", "The Duchess", "Man on Wire", Kate Winslet's best actress performance and much more.

My own first visits to the cinema were for Saturday afternoon matinées in the Astoria cinema in the suburbs of Edinburgh, which sadly is now long gone. I have supported the Edinburgh international film festival for more years than I can remember. I would like to put it on the record that that is the longest continually running film festival in the world. I was introduced to the industry at college and then gained practical experience on documentaries, television work and much more.

It is estimated that the UK's creative industries generate 2 million jobs, many of which are directly and indirectly involved in the film industry. Each year, the British audio-visual industry loses about £0.5 billion through copyright theft and the wider economy loses more than £1 billion. I congratulate the Minister on the fact that the Government have made some positive moves to tackle the problem. I shall refrain from listing those in my speech, as I have no doubt that he will do that when he replies to the debate.

The scale of the problem is clear. I was given a briefing paper by NBC Universal, which pointed out the magnitude of the problem. It said that the cost of piracy was an estimated £500 million. It also says that

"for every one legitimately downloaded film"

from the internet,

"600 are downloaded from illegal sites."

It continues:

"A report…by Europe Economics in December 2008 estimated that 800,000 jobs in the creative industries are at risk as a result of…file-sharing."

The briefing went on to detail the role of internet service providers. I have no time to go into that today, but I will say to the Minister that although he has taken action and the Government are considering the matter, it is still a worrying issue for many in the industry.

People can be prosecuted under the Fraud Act 2006, but that provision is simply not doing the job. I am not aware of any examples—perhaps the Minister is—of people who have been found guilty of camcording in a cinema. I was given one example in which an individual had been caught with a camcorder on a bracket on a seat in a cinema. He had gone into the cinema with four individuals, who were to his left and right and back and front so that what was being done would not be spotted. At his home there was video-editing equipment. However, the Crown Prosecution Service did not take the matter further because it reckoned that there was not enough evidence to prosecute. I would say, in my non-legal terms, that he was bang to rights and should have been prosecuted; the full weight of the law should have come down on him. We need today legislation whereby taking a camcorder into a cinema to record a film is a criminal offence. That would make it much simpler for the police and the authorities to prosecute.

Trying to take the matter forward through the Fraud Act involves proving that people will go on to produce fake DVDs and commit a fraud. The whole system is too complicated. As I said, to my knowledge no prosecutions have yet been brought to court, even when people have been caught redhanded. Can the Minister confirm that the Government not only are aware of the problem, but are willing to take the action required to ensure that enforcement measures are in place and that resources are allocated to tackle the problem?

A report produced by Oxford Economics to be launched later today, entitled "Economic impact of legislative reform to reduce audio-visual piracy", goes into the issue in much greater depth. The Minister will be at the launch this afternoon at the stock exchange. I wish him well at the launch and I hope that he will make statements that help to convince the film industry that he and the Government are moving in the right direction.

One of the basic steps that I would like to be taken in the near future would be the introduction of legislation to make camcording in cinemas illegal. I argue that

*[John Barrett]*

anyone who takes a camcorder into the cinema is not about to make a family film or something for their enjoyment at home. They are there for one purpose, which is to record the movie to produce a fake DVD or for some other dubious purpose. That was not a problem many years ago, when any reasonably high-quality camera was much more bulky than cameras are today, but now that high-quality digital cameras can be easily concealed, it has become a real issue. Camcording in cinemas is not a criminal offence, but it is the source of 90 per cent. of first-release fake DVDs seized and illicit film files on the internet.

It is amazing how quickly fake films can find their way on to the streets, with popular films now available within 48 hours of being premiered and sometimes even more quickly. People should be in no doubt that if they are offered a DVD of a film that has just been released in the cinema, it is a fake. Current films such as "Slumdog Millionaire" and last year's "Mamma Mia!" are all too easily available. Films are particularly vulnerable when they are premiered in the UK. We in the UK are now the No. 1 source of illegal recordings of films in Europe. Sad to say, we have overtaken Russia. That is one title that we should try to lose as quickly as possible.

There is no reason to take a camcorder into a cinema. Those who do have made their intentions clear and should expect the full force of the law to come down on them. They should also expect the immediate loss of their equipment, which should be retained as evidence in any prosecution. I ask the Minister to give some indication today of whether he will join me and others calling for the change that I have described. He will not be on his own. He will know that when "Respect for Film" was launched as a pilot project in 2007 by the then Minister responsible for the creative industries, the right hon. Member for Barking (Margaret Hodge), the steering group included the Federation Against Copyright Theft, the British Video Association, the Motion Picture Association, Paramount Pictures, Sony Pictures, Twentieth Century Fox, Walt Disney Studios, Warner Brothers and many more. There is no doubt that the major players in the industry are on board. Will the Government deliver what they need to deliver?

Camcording in cinemas is illegal in a number of other European countries, including France, Italy and Spain. I would be delighted to offer my support today and that of my hon. Friends if the Minister decided to make progress on this issue. I also plan to table an early-day motion today if he needs to be convinced that hon. Members on both sides of the House believe that what I have set out would be a change for the better.

Reducing copyright theft is about not only protecting those who are creative and those in the film industry, but protecting the public from inferior-quality goods, preventing people from being ripped off and reducing the money that goes into organised crime. Of course, many who buy illegally reproduced goods know exactly what they are buying. In that respect, I was surprised to find that 25 per cent. of the British population were involved in some form of unauthorised activity in 2007—from buying knock-off DVDs to illegally downloading music. However, many people who buy an illegal product think that they are buying the real thing, although what they get is a poor-quality film, with terrible sound, part of the screen missing and sometimes even the silhouette of someone who is heading off to the loo walking across the picture. That is not only a poor product, but it prevents people from experiencing the excellent, high-quality original products on the market. The prices of such products will always be higher, but people get what they pay for.

I mentioned money going into organised crime, importing drugs and worse. The exact sums involved are difficult to confirm, and the Minister may have more accurate figures than I do, but income generated from criminal activities is often used to fund other criminal acts. While some might feel that it is relatively harmless to purchase a dodgy DVD for the children, the money could end up funding the importation of drugs that end up on our streets and available to those same children. Late last night, I watched a programme on the state of the television industry, and copyright theft was mentioned. Even the makers of "Teletubbies" announced that 300,000 fake DVDs of the programme had been produced and sold. Those might seem like fairly harmless, family-friendly products, albeit not of the best quality, but the money from selling them can go into the pockets of criminals who use it for much more serious and harmful crimes.

Education is also at the heart of the fight against copyright theft, and I congratulate all those who have pushed for a wider awareness of the issue among the general public. That includes Members of this place, many of whom have raised such issues the past. Indeed, the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke), who is present, has a long-standing record of supporting the British film industry, and I congratulate him on that. In addition, few people will not have seen adverts by FACT in their local cinemas, and I also congratulate it on its tireless work on the issue.

However, much more needs to be done. Today, time has allowed me to cover only some of the key issues. One issue that I have not been able to spend much time on is the advance of technology and the role of internet service providers, which will clearly increase in importance as we move towards a digital age. Illegal peer-to-peer file sharing is expected to increase by 80 per cent. in the next two to three years. For the next generation, which will have instant access to broadband, such activities will become a daily event. Another problem, as I mentioned, is that many people who are stealing copyright material have no idea that they are doing so and do not really think about it. None the less, their actions have a major impact on the industry, jobs and creative talent in the UK.

I hope that the Minister will take this debate as it was meant—as part of a positive attempt to raise an important issue. I accept that the Government have made moves in the right direction, but more still needs to be done to ensure that copyright theft in the UK is reduced and that the British film industry continues to go from strength to strength.

12.43 pm

**The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy):** I thank the hon. Member for Edinburgh, West (John Barrett) for raising the important subject of film copyright. I absolutely agree that this is an important debate to have in the

House, and the issue should be at the forefront of the minds of the many people across the country who enjoy film and cinema. In the past few weeks, such people will have taken great pleasure from Kate Winslet's success in this country and at the Oscars in America, as well as from the success of Danny Boyle's film "Slumdog Millionaire" and the rise of Dev Patel. Such developments say something about the talent that we have in this country.

I also applaud the hon. Gentleman for his continued advocacy of the Scottish film industry and his close involvement with the Edinburgh international film festival. Like the cinema industry in the rest of the UK, the Scottish film industry has prospered. In the past few years, it has produced huge triumphs, from "Gregory's Girl" to "Trainspotting" to, most recently, "The Last King of Scotland". There are also many lesser known but still significant successes.

As has been said, the film industry continues to contribute to much of the Scottish economy and the British economy as a whole. In 2006—the last year for which we have figures—the British film industry turned over £7 billion. I therefore fully share the hon. Gentleman's appreciation of the importance of safeguarding the film industry's contribution to this country's well-being, both financially and in terms of the many thousands of jobs that it supports, particularly in these difficult times. That is why the problem of film piracy should concern us all.

The economic loss that piracy causes the film industry can be calculated in a number of different ways. The UK Film Council, which has produced a briefing note for the debate, adopts a maximalist approach. It has looked closely at the impact on cinema ticket sales and arrived at a cost of just over £500 million. It also says that 15 million people in this country have at least one pirated film.

I do not want to question those figures today, but one thing on which we can all agree is that this is a significant problem. That was brought home to me when I attended a raid in north-west London in November with police, representatives of FACT, trading standards officers and others. During that raid, more than 60,000 counterfeit DVDs with a value of £185,000 were seized, including pre-released titles that were not yet in the cinemas. All those titles were in a terraced street typical of others in London and, indeed, the country.

What I saw also brought home to me the complex nature of this crime. Among the DVDs in that household were some very obscene illegal DVDs. That links to the organised criminal activity of those who produce such things. Many of those titles would not have been granted certification in Britain. Of course, such things are at the extreme end of the spectrum. It is true to say, however, that people can be encouraged or seduced into camcording a film in a cinema and that their activities can then relate to, and extend to, the huge organised trafficking of films that are sold not just in this country but around the world, and that can happen overnight.

The UK Film Council report also highlights key areas in which it wants legislative reforms. I thought it would be helpful if I spoke to the main ones. I know that some in the film council are keen to introduce specific criminal legislation on camcording. The hon. Gentleman mentioned that in his speech. As the council's report acknowledges, the Government are seeking a test case to take forward under the Fraud Act 2006. I remind the House that section 6 of the Act provides that a person should not be in possession of articles

"for use in the course of or in connection with any fraud."

Clearly, a camcorder in a cinema is probably not there to record the happy experience of attending the cinema with pals. It is right to consider closely the possibility that the device is there to be used in fraud or in connection with fraud.

**John Barrett:** Does the Minister accept that a problem in using section 6 is that the Act is relatively recent and has not been shown to be effective? Something much simpler is needed so that more effective prosecutions can be brought, because until that happens there will be no deterrent and the business will carry on.

**Mr. Lammy:** I understand what the hon. Gentleman says, but the Act was passed in 2006 and we are now at the beginning of 2009, and he will understand that the judicial process takes some time. There has been a relatively short period in which to come to the conclusion that he has reached. He talked about not being aware of any other cases in the system. I am advised that there was a case in the system, which was dropped, largely because of the age of the perpetrator. It is important to see where the test case gets us.

**John Barrett:** I accept that it has been three years since the Act was passed, but there have been no prosecutions in that time. I know that the youngsters who were not prosecuted were about 14, but if we have got to the stage at which 90 per cent. of first-release DVDs originate from camcorder recording, and there have been no prosecutions in three years, the evidence is fairly clear that something is not working.

**Mr. Lammy:** I have heard what the hon. Gentleman has said, and I think that a relatively short period has passed. It is important to consider carefully how the Act bears down on the issue. I remind him that, were we simply to make taking a camcorder into a cinema a criminal offence, that would be a strict liability offence. That is serious under the criminal law, because it would not be necessary to establish criminal intent.

The area is an important one that we should examine closely. That is why we are working in partnership with the Federation Against Copyright Theft, the police, trading standards and of course the Intellectual Property Office. I know there is some frustration about the lack of visible progress by the Government on issuing a consultation to assess the need for legislation to cover occasional sales and markets. One is aware that throughout the country, in all sorts of Sunday markets, such DVDs are on sale. It is a complex area and we need to ensure, particularly in more difficult economic times, that we strike a balance between tackling the sale of counterfeited and pirated goods and making sure that we do not deter market organisers and others, including schools and charities that run fêtes, from engaging in legitimate activities in some of our most deprived areas.

There have been calls for us to strengthen our damages legislation. That is being looked at as part of a broader review of the law on damages. We need to make sure that any system of civil damages is not only robust but

*[Mr. Lammy]*

workable. The Ministry of Justice has said that it hopes to publish a response to the consultation in the near future.

The hon. Gentleman raised the important issue of online and physical copyright infringement, which raises strong feelings in the industry. Here again, it is important to take concrete but proportionate action. The Government will shortly be publishing the response to the consultation held last year on matching penalties for online and physical copyright infringement and will be seeking to raise the maximum fine to £50,000 for all intellectual property offences. Clearly I do not want to prejudge the outcome of consultations on "Digital Britain" and associated legislation, but we will be making announcements in the coming days.

Good law is good, of course, but proportionate, enforced laws are better. In the case of online infringement, we are not introducing the jail terms that some in the industry have called for, but I think that the measures we propose will offer an effective deterrent to fraud that stops short of putting even more pressure on overcrowded prisons. The balance that we must strike is between better deterrence—a better way to get the internet service providers and the film industry to work together—and recognising that access is part of the zeitgeist, and that young people want immediate access to film, in the way they want. How should we work with industry to get monetised solutions but create an environment in which the vast majority of the relevant activity is within the law and we are not condemning young people to unnecessary enforcement or sentencing?

That is the balance we need, which we shall be striving for post-"Digital Britain" and the associated legislation that will come out of it. It is also the reason I am setting up an interministerial group on enforcement, so that I and colleagues in other Departments, such as the Ministry of Justice and the Home Office, can continue with the discussion across Government. The issue affects other Departments.

I know that the hon. Gentleman will appreciate that the fact that something is a priority for me as Minister with responsibility for intellectual property does not mean that it is the No. 1 priority for Ministers who have other criminal activity to deal with. Let us have the discussion in the correct forum, and find the means to take the matter forward. I hope to make progress with what is an important issue, which greatly affects the British economy, as well as the way we all enjoy film.

As the hon. Gentleman said, my next engagement will be the "Respect for Film" event, to which I look forward. I am grateful that he has brought this important issue to the House this morning.

## Coventry City Council

1 pm

**Mr. Jim Cunningham** (Coventry, South) (Lab): I thank Mr. Speaker for granting me this debate. I believe this is the first time, Mr. Amess, that I have spoken in a debate chaired by you, although we know each other quite well.

I start by considering the national situation. I wonder whether Opposition proposals are already being used locally in Coventry. There has been talk, should there be a change of Government, of a 1 per cent. cut in public service budgets. I hope that the Minister will answer that point, as such a policy would certainly have ramifications for Coventry.

Equally, if we are to believe what is being said—again, it will have ramifications for the public sector in Coventry—there has been talk about public sector pensions. I shall not debate that subject today, but employees have paid into pension schemes and at the end of the day they will get out of their pension schemes only what has been put into them.

The third thing that I would like the Minister to deal with relates to the interpretation of the Gershon review. I have had one or two meetings with the trade unions in Coventry, and it seems that the local authority may be suggesting that it cannot keep such savings. My understanding of the Gershon review is that local authorities and Departments can keep savings that they have made. I hope that the Minister will clarify the matter, so that we have it on record and know where we are going.

The other complaint made by the trade unions about the local authority in Coventry is its lack of consultation. We can always ask how long consultation should continue—it has always been a debatable matter—but when people in the trade unions in Coventry tell us about lack of consultation and lack of involvement in what is being planned by Coventry city council, we must take it seriously. Good employers should always try to take the trade unions with them. Again, I want to make the Minister aware of the problem. There are, of course, other concerns that he cannot answer, such as those about concessionary travel should there be a change of Government.

I shall dwell on the situation in Coventry. First, given the economic climate, I find it strange that the Government wish to make cuts in the voluntary sector. I am told by the trade unions and some in the voluntary sector that they will experience cuts of as much as 2 or 3 per cent. That could have a major impact, given the extension of services needed by the people of Coventry. I am told that such cuts would be across the board. There has been no proper consultation. However, the trade unions tell me that the council is blaming its officers; when the trade unions spoke to the council, it said that officers were telling the council to make the cuts.

I have been in local government and I know that there are always a number of options. One should not accept whatever officers say—it should be challenged. That is why we have local democracy. The problem alarms many people in Coventry.

Another matter that I hope the Minister will clarify is the question of housing associations. It was recently put to me that proposals were being made by one or two

housing associations in Coventry to introduce hefty rent increases; they said that it was the Government's fault. I hope the Minister will investigate that, as blaming the Government for something that the associations themselves are doing is serious.

In Coventry, cuts of £6.7 million from the council's budget would mean that up to 154 jobs could go. That would include cuts to the neighbourhood warden service. It is well known that every city centre needs a neighbourhood warden service, particularly because of incidents at the weekend. The cuts would mean five wardens in the city centre losing their jobs, and nine throughout the whole area. That could put neighbourhood safety at risk, and it would also put an additional burden on the police. It certainly does not reassure the public, particularly pensioners, given the level of petty crime. The Government have launched effective campaigns over the years, not only against major and serious crime, but against petty crime.

The monetary effect is the need to borrow in excess of £9 million. That leads to questions. There will be hefty cuts, yet the council will have to borrow £9 million. In addition, there will be a cut of between £5 million and £6 million in the council's revenue-generating activities, so council income may be lost. That suggests that the council is not well managed, either economically or financially.

There has also been a larger-than-average increase in council tax. Again, that will hit poorer families in Coventry, particularly pensioners.

**Mr. Geoffrey Robinson** (Coventry, North-West) (Lab): I understand my hon. Friend's logic, but how can it be that cuts are being made when, wherever it can, the council is making increases? It is receiving £4.1 million more than expected, yet borrowing is still on the increase and it is now making further cuts to reduce those borrowings. It seems that there is an imbalance in—or entire mismanagement of—the income and expenditure accounts.

**Mr. Cunningham:** There is a suggestion that the council has used considerable sums from its reserves for traffic schemes and renewing roads. I must be honest with my hon. Friend and say that I have not been able to work it out. I have heard about numerous sums coming out of reserves, but I shall try to bottom that out after the debate.

As well as increases in the half-price charge for services to pensioners, we are trying to help them with winter fuel allowances and that sort of thing, but the pensioners are faced with service increases and charges. It is worth pointing out that although Conservative Governments used to cut support, this Government have increased it, as my hon. Friend said, by £4.1 million above expectations. People did not think that the council would get such resources, yet front-line services are being cut.

That is having an effect on youth services. We are trying to get the youth off the streets, to become skilled and to be good citizens, yet we see planned cuts of £660,000 to youth services. That could cause the closure of 14 after-school clubs, and a loss of jobs. Again, I cannot bottom that out. Another problem is the fact that 23 summer play schemes will be cut. That will place a hefty burden on the public, yet at the same time we are trying to keep people in employment, get kids off the streets, be fair to pensioners so that they can pay their bills and so on, and we are also trying to help young families.

As I said earlier, some of those schemes are crucial to young couples. For example, during the summer, someone will be available to look after the kids so that they are fully occupied while the father and mother go to work. The cuts will affect as many as 6,000 children in Coventry. That is quite an impact.

We cannot get away from the fact that should we have a Conservative Government—I do not think we will—a cut of 1 per cent. will have quite an impact when added to some of the problems that already exist in Coventry. No real explanation has been given by the Opposition. I return to the question whether Coventry has been used as a trial run for a future Tory Government. There has been no explanation of where cuts will be made.

I hope that the Minister will respond to some of the points that I have made. I am seriously worried about how the council is being run, and about its finances, and I know that he will pick up on other things that I have not mentioned.

1.9 pm

**Mr. Geoffrey Robinson** (Coventry, North-West) (Lab): I join my hon. Friend the Member for Coventry, South (Mr. Cunningham) in saying what a pleasure it is, Mr. Amess, to serve under your chairmanship for the first time. I am sure that you will be good enough to extend our thanks to Mr. Speaker for granting the debate.

I thought that my hon. Friend's exposition of the situation in Coventry was devastating, but it left many questions hanging. It was detailed and correct, and the subject was well researched and well spoken to, but I do not understand how we can have such a combination of factors in a council's running of its affairs. It is cutting front-line services, the one thing we do not want to cut; instead, we try to cut costs through administration, natural wastage, retirement, retraining and so on. Nevertheless, front-line services are being cut by £6.7 million, yet through Government grants the council will receive £4.1 million more than it was expecting. Furthermore, it has imposed a larger-than-average council tax, which will bring in more money, while managing to increase borrowing by £9 million.

I do not know how one would set about trying to reconcile those conflicting policy effects in a local council managed by highly professional people. They may be trying to pay off borrowings, but that is not clear from the accounts. It would seem, as my hon. Friend said, that the council has borrowed heavily from the reserves for a major road improvement policy in the city. However, that has been very badly handled. Take Tile Hill library, in my constituency, for example. The pavement around it was a disgrace and the road a real hazard. The council put in a good crossing and rebuilt the library superbly under schemes that might have been around for a while, and it all looks very good. However, the pavement was not touched. What is the sense of a road-building programme that puts in place a good level crossing for elderly citizens, many of whom live in the area, and young children using the library, while leaving the pavement

*[Mr. Geoffrey Robinson]*

untouched and very dangerous? There are potholes everywhere. I have raised that matter several times.

That point goes back to the competence of the council. I do not know whether it is in the Minister's power to authorise an inquiry into any of those matters. I have asked for an inquiry into Coventry's business improvement district programme. The Government launched the BID programme, of which there are many good examples, and when Labour was in power the local authority left in place a very good scheme. However, it has been so mismanaged that 250—at last count, I think—small local companies have gone to court over promises made, and contractual commitments entered into, in the five-year plan. In the end, they did not refuse to pay; they were just making the point that, especially in respect of CCTV security coverage and broadband, which we all want to promote, the big companies simply have not delivered. I am sure that the Minister will tell me that is not directly the council's responsibility, but it cannot collect a tax, as is its duty, knowing full well that it will not be used for the purposes for which it was raised. Again, we do not know where that money has gone or what it is doing.

Does the Minister not think that there is something a bit wrong with Coventry council? I do not understand how we have reached a position in which small BID companies, which allegedly voted for the schemes—although the fact that they went ahead on the basis of such a small majority is scandalous—are close to open revolt. I am pleased to say that I have been invited to a meeting with the BID chairman and an acting chief executive to see whether we can get a rebate or, preferably, a re-ballot. Would the Minister be good enough to look into that? The re-ballot might be more difficult, but what about a rebate? Those small companies pay 1.5 per cent. on the business rate—even at this time, in the depths of a recession—for services that they are not getting. I cannot understand how the council can be in such financial schtuck, given that we have increased our contribution. Nor can I understand how it has got itself involved in the BID programme, which is nothing but a disaster. It would be good if my hon. Friend responded to both those points.

1.14 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright):** It is a pleasure to serve under your chairmanship, Mr. Amess, as I have done quite a few times now. I congratulate my hon. Friend the Member for Coventry, South (Mr. Cunningham) on securing this important debate. I greatly enjoyed his robust, focused analysis of the problem. I also enjoyed the contribution from my hon. Friend the Member for Coventry, North-West (Mr. Robinson), who repeated and extended that argument.

The Government have a very good track record of investment in local services. In our first 10 years in office, we increased total Government grant by 39 per cent. in real terms, which provided a full decade of above-inflation increases in Government grant for authorities overall. That contrasts markedly with what my hon. Friend the Member for Coventry, South said about possible proposals from a future Conservative Administration of a real-terms 1 per cent. cut in local public services, which would have a devastating impact on the delivery of services on the ground for good, decent, hard-working citizens, such as those in my constituency and in Coventry.

This year, the settlement received by local government as a whole has been a good one. Not only have we continued to increase funding to a level that allows local authorities to deliver effective services at an affordable cost, but we announced last year the first ever three-year settlement for local government in England, precisely to give authorities the ability to plan for the longer term to ensure that they have schemes and strategies in place. That, ultimately, will result in cost savings.

As my hon. Friends know, the House approved the second year of the three-year settlement for local government on 4 February 2009. This Government have worked closely with local authorities in the context of the comprehensive spending review—I am looking at my hon. Friend the Member for Coventry, North-West, who is a distinguished former Treasury Minister—to examine all pressures on councils up to 2010-11 and how to manage them. Over the three-year settlement of the CSR period, we are providing an additional £8.9 billion to local authorities—an average 4.2 per cent. cash increase per year in funding. Again, I contrast that with the proposed 1 per cent. slash in local public services advocated by Conservative Front Benchers.

We expect those increases to be reciprocated by local authority efficiency gains, and we have made clear our intention to realise a further 3 per cent. a year through this route. Delivery of £4.9 billion net cash releasing savings by 2010-11 is key to enabling local authorities to meet those pressures. To help, the Government will provide an additional £185 million funding to support local authorities to achieve that value-for-money ambition.

**Mr. Jim Cunningham:** Will the local authority be allowed to keep any Gershon savings?

**Mr. Wright:** As part of the co-ordination package, local authorities will be allowed to reallocate net cashing savings into front-line services. There should be no impact on the delivery of services provided to the citizens of Coventry and elsewhere. I hope that that clarifies matters.

**Mr. Geoffrey Robinson:** It is good that the Minister can clarify that point so precisely, but why, therefore, is Coventry cutting front-line services so severely?

**Mr. Wright:** As a result of my hon. Friends' excellent contributions, I shall certainly look into the matter.

The theme of my Department's policy is to ensure that local authorities have the powers and priorities in place to respond to local needs. It is also up to them to ensure that they are accountable to the electorate. I am particularly keen to move away from time-limited funding streams for certain things. More grants should be mainstreamed, so that councils can take local circumstances into account. We have done an awful lot on that: for example, we have mainstreamed some £5.7 billion of grants over the CSR period and removed ring-fencing and other controls.

We have also delivered a reduced number of performance indicators, as promised in the local government White Paper. To be frank, we are setting local government free

to ensure that it can do what it needs to do locally to deliver first-class services to its citizens at an affordable cost. I thank my hon. Friends for holding local government to account and for challenging it as much as possible in Coventry.

We have also said that there is no excuse for excessive council tax increases. The Government have made it clear that we will not hesitate to use our capping powers to deal with excessive council tax increases in future years, and we will require authorities to re-bill if necessary.

Coventry city council received an increase of £5.376 million in its formula grant in 2008-09, a 3.8 per cent. increase on the previous year. As my hon. Friends have said, in 2009-10 it will receive an increase of £4.134 million, an increase of a further 2.84 per cent. The provisional figure for 2010-11 is an increase of £3.614 million, or 2.4 per cent. Therefore, over the three years to 2010-11, we are providing the council with an additional £13.124 million. The 3 per cent. of cashable efficiency savings that we expect local authorities to deliver in 2009-10 will make an additional contribution of up to £11 million. By comparison, the city council anticipates a £4.2 million increase in its budget requirement for 2009-10.

In the real world, it is fair to say that local authorities face some challenging pressures from declining revenue streams—for example, there is a marked reduction in planning and building control income. They also face an increase in housing benefit and social care case load and an increase in energy costs. Coventry city council is no different from other local authorities in those respects. As a result, it has identified £9.3 million of efficiency savings in its 2009-10 budget, which has resulted in the loss of 190 jobs. However, the local authority has informed my Department that some of those posts are vacant.

Every council is required to make tough decisions. Coventry, like other local authorities, has to balance staffing levels against other savings to deliver the best possible services in the current economic circumstances. I say to my hon. Friends—they may want to challenge their local authority on this matter—that the latest Local Government Association survey is very interesting, particularly on the impact of the recession. It shows that 84 per cent. of councils do not plan to cut jobs as a result of the downturn, and some 77 per cent. are actively recruiting. I am fully aligned with my hon. Friends here when I say that efficiency savings should not and do not entail service cuts. Between 2004 and 2008, councils made £3.45 billion of efficiency savings. That is the equivalent of £193 off the average band D council tax bill. Councils were free to use the savings either to cut council tax or to reinvest in local services.

Up and down the country, local authorities are innovating to save money and help us through the recession. We know that some local authorities are making considerable progress in reducing the additional pressures that they face: for example, more than 50 per cent. are making efforts to reduce petrol consumption, and more than 60 per cent. are succeeding in reducing electricity consumption, helping to save not only the planet but money for hard-working council tax payers. Compare that with the mere 16 per cent that say they expect to make service cuts. Again, I say to my hon. Friends that they should take those figures back to Coventry city council.

**Mr. Robinson:** If I have the figures right—I am sure that the Minister will correct me if I am wrong—84 per cent. of councils are making no cuts because of the recession and some 77 per cent. are recruiting. We will go back to the council on that. On his third point, when he again said that we could go back, what we were trying to say was that as MPs, our job is very much here. He has a whole Department and his own leadership to use in getting to the root of the problem. We will do our bit, but I hope that he does his, too.

**Mr. Wright:** I believe that my hon. Friend has done his bit in bringing the matter to our attention in this Chamber. He has done an excellent job in making Coventry city council's politicians accountable for their whole strategy and their financial delivery programme. He has tried to ensure that they can make efficiency savings, while providing the best possible services for local people.

To my mind, energy costs illustrate the fact that cost pressures are not all one way. The latest Audit Commission report identifies that fuel costs dropped by almost 12 per cent. in July to October 2008, to below April 2008 levels. Since then, petrol prices have dropped even further, by almost 30 per cent. from their peak in July last year. Such price falls are already being fed into the cost of other goods and should impact on energy bills in due course. I hope that local authorities will take advantage of that.

The level of inflation expected in 2009-10 also means that the Government grant will go further than it would otherwise have done. Although I accept that there may now be additional pressures on local government as a result of rising costs and falling revenue streams—Coventry is no different from any other local authority in that respect—I have to say in the strongest possible terms that those authorities that demonstrate good leadership and financial management are finding innovative ways of dealing with such pressures.

In recent years, the city council has been fortunate in the expertise on which it has been able to call. The previous chief executive was instrumental in developing a strong local strategic partnership and agreeing a robust local area agreement. I understand that she has now moved on. I know that my hon. Friends would not want to attach any criticism to officers, who are merely carrying out the instructions of their political masters and mistresses. We need to challenge the political direction of the authority to ensure that it delivers efficiency savings—the theme of today's debate—provides good value for money in a time of recession and maintains first-class services.

I have touched on flexibility. The watchword of Government policy is flexibilities for local authorities. I would like to see Coventry capitalise on the flexibilities that we have given councils. For example, I know that it has agreed to revisit its local enterprise growth initiative package to respond to an increasing number of small-scale redundancies with smaller employers. I was disturbed to hear what my hon. Friend the Member for Coventry, North said about the council imposing a 1.5 per cent. increase in rates while providing no services. I promise that I will take that point away and respond to my hon. Friends in due course.

I also know that council officers are working closely with the new Homes and Communities Agency to find innovative ways of maintaining regeneration, delivering

*[Mr. Iain Wright]*

affordable housing and minimising the impact on mortgages. The council will also need to make effective use of the value for money strategic partnership that it has developed with PricewaterhouseCoopers in response to the Government's transformation agenda. If properly managed, that should realise up to £5 million of sustainable savings per annum by 2010 without any cuts to front-line services.

My hon. Friends suggest that the city council is struggling to deliver an appropriate level of service to its citizens within the agreed budget. I agree that challenge and accountability are necessary to ensure that political priorities are considered. We in central Government have set in place sufficient financial support and flexibilities to enable Coventry city council to maintain services. The fact that other councils are doing just that is testament to what I have been saying. We will continue to support local government through these difficult times, but we look to local authorities such as Coventry to take the right political and financial decisions and to demonstrate the best possible leadership to minimise the impact on services that has been the subject of this excellent debate.

## Audit Commission

1.29 pm

**Mr. Ian Liddell-Grainger** (Bridgwater) (Con): This is the first time that I have had the honour to serve under your chairmanship, Mr. Amess, and I am delighted to do so. The Minister is attending back-to-back debates, which is the latest sport. Perhaps we could have a whole week of debates with the Minister simply staying where he is.

Much of what the Minister said in the previous debate is pertinent to this one. However, I am grateful to be discussing the Audit Commission, and I would like to offer a brief history lesson. In 1846—the Minister may remember it well—the first sewing machine was developed in America, the Irish potato famine began and, believe it or not, official audits were introduced in English local government. We should have come a long way in the intervening 162 years, but progress does not always follow an upward path—certainly not when it comes to auditing local councils.

In 1983, the Conservative Government established the independent Audit Commission. It seemed like a good idea at the time, but unfortunately the work load has snowballed. The commission was given more councils, authorities and trusts to keep a watchful eye on, and today it is responsible for checking the books of 11,000 complex public bodies that spend £200 billion of our money, including everything from town halls to health trusts, fire authorities and the police, which is a pig of a lot of paperwork to handle in anyone's book.

However, delightfully, the commission is not exactly overstaffed. It employs 2,500 people, which is slim government. I have no problem with that, but it works out at one harassed human being for every four public authorities. In other words, the work is a superhuman challenge. I have not come here to decry what the commission tries to do—I have absolutely no doubt that those people give it their best shot given their resources—but I am seriously worried about some of its operations.

I shall go into detail about the local authority that I have the terrible misfortune to know best: Somerset county council. We are all painfully familiar with the tales of mismanagement and greed from the world of banking and it is widely acknowledged even by senior Cabinet Ministers that light-touch regulation was a dangerous error. There are growing calls for the Financial Services Authority to be beefed up or got rid of so that we can tackle tomorrow's Fred the Shreds. I am concerned that the bad practice that almost wrecked the reputation of British banking is now creeping into the public sector.

The Minister will be delighted that we have our own Fred the Shred in Somerset. His name is Alan Jones, the chief executive of the county council. He was taken on in 2003 for £90,000 a year, which makes MPs look cheap, and now takes home £160,000, which is more than the Prime Minister. That scale of inflation is enough to make any grown man groan. Actually, Jones the Groan is in charge of a so-called four-star authority. Listening to him, one could be mistaken for thinking that every element under the county's control is pure heaven, but that is highly deceptive, to say the least.

The star awards are a denigrated currency. So many councils have collected them that the commission is scrapping the prizes. Like green shield stamps, the awards have become tacky and worthless. Star ratings do not even register at my favourite Somerset local, "The Dog and Duck". People care only about the quality of service and how much it costs, not about stars. Unfortunately, the commission's stars have also bred a greedy race for high salaries. Today, we see the ludicrous spectacle of many chief executives earning far more than the Prime Minister. That cannot be right.

The executives behave like premier league football managers, shifting from council to council on still richer packages, simply because they are on some silly star rating system. Research by the commission recently found that council chief executives' pay has risen by more than a third in the past four years. We are envious of that. It is a shameful legacy of the commission that it has created a market for local government fat cats and bloated egos, few of whom have larger egos than Jones the Groan.

Jones the Groan had a big, expensive business idea. Like all great schemes, it was destined to be paid for by the likes of us. I was deeply suspicious from the word go and brought it to the Government's attention. Last year, I secured a debate in the Chamber about the formation of a new joint venture company, which is now called Southwest One. A joint venture implies partnership, but that partnership is far from equal. Three public bodies, which are all meant to be answerable to the commission, are involved: Somerset county council, Taunton Deane borough council, and the Avon and Somerset police. They did a deal with IBM, a multi-billion pound company, and took over hundreds of staff, mostly in information technology. Together, they intended to trade throughout Britain as Southwest One.

Before the company even started, it was heralded as a great success story that was guaranteed to save £200 million for the hard-pressed taxpayers of Somerset. The Government will not be surprised that so far it has not saved a brass farthing. Unfortunately, IBM continues to own 75 per cent. of the company, which means that every time it provides a service to its joint venture clients, three quarters of the returns go into IBM's pockets. IBM did not get where it is today through charity. Last year, it turned over $98 billion and made $10 billion profit.

The Somerset deal means that IBM always gets its rake-off and other partners cannot be encouraged to join. Jones the Groan and his team have not persuaded any other council to get involved. Through the commission, Devon and Cornwall looked at the arrangements. Because they did not join, Jones the Groan called them "institutional chauvinists"—it seems we do not do charm in Somerset. The initial contract was signed in September 2007 with the commission's knowledge and amended in March last year when Avon and Somerset police joined. The contract, which runs to 3,000 pages, is still secret. I asked the commission to look at it, but that is not in its remit. Councillors are allowed to inspect the paperwork only if they sign a gagging order to prevent them from revealing anything about any aspect of the deal. That is bizarre and, I suspect, highly undemocratic. The odour of rotting fish is quite normal in county hall these days.

I shall go through some of the history. Unfortunately, the commission knew all about it. Alan Jones, the chief executive, hired a special brain to take the project through—a lady called Sue Barnes. She got the job and a lucrative contract with no interview. Sue Barnes uses her maiden name. Her married name is Mrs. Port, and she is the wife of the chief constable of Avon and Somerset police. That may be a coincidence, but Mr. Port's force is now a member of Southwest One, and he has put himself on the company's board. Board directors of Southwest One have a direct responsibility to protect not only the commercial interests of the company, but Somerset's taxpayers. Inevitably, that produces conflict with his role as head of the Avon and Somerset police.

Did anyone in the Home Office, the Association of Chief Police Officers or the commission raise a murmur about that? No, they did not. Silence is golden. Anyone who did anything about it, including the BBC, got a letter from Carter-Ruck, with whom many of us will be familiar. It cost us £90,000 to defend Mr. Port. Again, the commission did nothing. What is the matter with the commission? On every occasion that I have asked about the arrangements, I have been told that they are outside the commission's remit and that it cannot look at them. The commission was set up to uphold the best principles, and should be working to do so, but in practice its powers are at best severely limited and in some cases negligible.

Last year, I received an anonymous brown envelope containing a load of documents—no doubt I will be arrested for that after the debate—including the transcript of an interview with a very senior officer at the county council, the corporate director of resources, Mr. Roger Kershaw. It showed how Mr. Kershaw's original evidence to the Standards Board had been altered. Large sections were deleted, probably by Mr. Kershaw himself or Jones the Groan, his boss. The bits that went missing implicated Sue Barnes, the chief constable's wife, for holding a secret meeting with IBM at a crucial stage in the bidding process. It even described how Sue Barnes had been, in effect, dismissed straight afterwards, but mysteriously was still around when the contract for Southwest One was signed. At the time, that looked like a deliberate attempt to suppress evidence concerning a contract that involved £400 million of taxpayers' money.

Last year, in the House, I called that corruption. I hope the Minister understands that I do not use the word lightly. I was advised in writing by the Secretary of State for Communities and Local Government to take my concerns to the district auditor, and I did so. The district auditor even came to see me, but I was not encouraged by his response, which was that such things were outside his remit. I wrote to him and got the same reply, so I ask the Minister: whose remit is it? When such evidence comes to light, we want to know, in a democratic nation, where it has come from.

The district auditor was equally dismissive when I told him about Roger Kershaw's professional conflict of interest. Mr. Kershaw just happens to be Somerset county council's line manager for Southwest One. He is also the section 151 officer, whose duty is to ensure that everything is done by the book. He runs with the fox and the hounds, but guess what? According to the district auditor, that is not within his remit either.

Do not get me wrong. I do not think that this is the Audit Commission's fault; it is the system's. We—I say that collectively—have failed to provide enough legal muscle, people and money to do the job. We may, unfortunately, trust too much in the process of democratic

*[Mr. Ian Liddell-Grainger]*

accountability. We ought to give far greater support and training to local councillors who must scrutinise complex—in this case, bad—deals such as Southwest One. In Somerset, the public are forced to rely on a "Dad's Army" Captain Mainwaring-style figure of fun, a one-time small-town banker—there is an old cockney rhyme for that—called Mr. Crabb. That individual, God help us, is Somerset's equivalent of the Chancellor of the Exchequer, without the eyebrows. He is a part-time councillor who runs a French property business and spends most of his time in Edinburgh. He has been shown to be at best incompetent and at worst stupid. His political opposite number is a well-meaning councillor who sells golf balls.

Those councillors are well-meaning people who want to do the best that they can, but they are totally out of their depth. There are two other potential defenders of the public interest on the board of Southwest One, but they too are woefully inexperienced elected members. To put it crudely, IBM can afford the best financial and legal brains on the market. We cannot compete, either as councillors or as Members. The councillors are forced to take advice from a small group of highly paid officers whose careers are entwined in the matter. They are treated like mushrooms—I am sure that the Minister can guess what is coming; they are kept in the dark, and every now and again the door opens and in comes the manure.

The crude fact is that there is no effective accountability. That should change. I believe strongly—as I know the Minister does, because of where he comes from—that electors deserve councillors who are properly taught to do their job and know where to get impartial advice. I hope that he will side with me. That is the only way for tyrannical chief executives to be challenged before they do lasting harm to this country's democratic process. I am totally with the Government in seeking more openness and honesty in council chiefs. I applaud the Minister's pledge to force chief executives to come clean about their salaries, bonuses and pension perks. We have to do that, so why should they not do it too? They get a lot more than we do. I do not want my county run by unelected fat cats, and I do not want Jones the Groan rewarded for his obvious and utter failures.

The current politicians are not exercising control, and nor is the Audit Commission. The commission lacks the time, people and power to get to the bottom of any problem. I note that it is trying to recruit a new principal auditor for the south-west. The pay scale is £33,000 a year. By contrast, Roger Kershaw, the equivalent in Somerset county council, takes home £110,000, not counting all the other bits. Money talks. How can the commission hire the best staff if it cannot compete on pay?

When the auditors turn up to inspect a local authority, how do they work? They are not like a murder squad. They cannot turn over a council, searching every nook and cranny. A finance man from a big county described the Audit Commission's task to me:

"They listen to what councils say. They look at internal audit work and things they raised last year. They do some sampling to see if there is anything that challenges what they have been told. They listen to objections raised by interested parties. But unless they are pointed in the right direction, it is sometimes like looking for a needle in a haystack. And their first priority is to reassure themselves that the accounts present the transactions in the year in a fair and transparent way."

Imagine taking in a car for an MOT and being cross-examined, "Is it running well? How are the tyres? Any other problems? Oh well, we'll sign you off, great."

Auditors who lean so heavily on client input can hardly be described as independent, let alone thorough, and there are not enough of them. Last year, there was so much adverse publicity about the formation of Southwest One that the Audit Commission finally took a look at the matter. I suspect that ministerial push was behind it. That particular exercise cost £8,900. The district auditor charged £345 an hour. He skimmed through one of the most detailed and complex contracts in recent history, which was probably three and half days' work. It was not a proper audit; it was a snapshot. It was light-touch regulation all over again.

A complete council audit is far from cheap. A lot of councils have complained about Audit Commission charges. Somerset had to cough up £257,300 last year. That raises another important issue of doubt. How can the independent Audit Commission's word be trusted when the client pays all the bills? Will the Minister consider reducing grants to local government by the amount required to create a central audit fund? That way auditors could be fully independent and free from the accusation that whoever pays the piper calls the tune.

Have the Government considered a merger between the National Audit Office, the Audit Commission, the government consultants 4ps and the Office of Government Commerce? On large, risky ventures such as Southwest One, local government auditors should be able to call on additional resources to ensure that the highest standards are applied in the public interest. On another point, key milestones called gateway reviews are mandatory in large national projects. Why are they not also mandatory for large local government projects such as ISiS and Southwest One? I ask in a spirit of constructive debate, because I do not know the answer.

I consulted many experts before this debate—I have been going on about the issue for two years—and have reached the sorry conclusion that the Audit Commission is no longer fit for task. This year, to everyone's derision, Somerset county council received from the auditors the highest value for money rating possible. They might as well have given an Oscar to a tub of lard for all the good that has done. Somerset borrowed £35 million to buy an unproven computer system from IBM that is already drastically late. That is not value for money. The council also ignored all professional advice and invested £25 million in Icelandic banks. That is not value for money either, but what would the Audit Commission know? Some £10 million of its reserves also went to Iceland. We have all been caught up.

We pay for such costly mistakes. We deserve better: better audits, better scrutiny, and a much tighter rein on the likes of Jones the Groan and all the useless people around him. If we do not get that, we will all end up paying in the long run.

1.48 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright):** I congratulate the hon. Member for Bridgwater (Mr. Liddell-

Grainger) on securing this debate. He knows where I come from. In a former life, I was an auditor with responsibility for auditing local authorities and other organisations on risk management, corporate governance and internal performance. When I was a councillor on Hartlepool borough council, I was also the portfolio holder for performance management, so the subject is dear to my heart.

I congratulate the hon. Gentleman on the manner in which he has raised the subject. It is serious, but he has discussed it in an entertaining manner. I have an awful lot to cover in the time available. If I do not cover all the matters involving audits, corporate governance and corporate performance, I will be more than happy not only to write to him but to meet him to discuss them further.

The hon. Gentleman is a distinguished member of the Select Committee on Public Administration. Last night I was reading the transcripts of the Committee's current inquiry into good government. He raised many of the same issues there. I am also aware that part of the inquiry involves consideration of mechanisms for assessing and improving Government performance. That is an important role.

As the hon. Gentleman has said, the Audit Commission celebrated its 25th anniversary last year. From the very beginning, it has had a responsibility to assess, evaluate and promote economy, efficiency and effectiveness in the delivery of public services. That is what I want to cover in my response to him, the major theme of which, notwithstanding my invitation to meet him, is that this is not an abstract exercise, or something that can be put into the journals of some public sector magazine. This issue directly affects millions of people every day, and involves billions of pounds of taxpayers' money.

I have been reading Duncan Campbell-Smith's excellent book "Follow the money—the Audit Commission, public money and the management of public services, 1983-2008", and I was struck by an extract from Andrew Marr's foreword that encapsulates what the hon. Gentleman and I both want from performance management. Andrew Marr states:

"How do you actually make a council, or a health authority improve in the hundred small ways which, to the rest of us, may make the difference between a successful minor operation and a life-threatening infection, or living in a clean housing estate as opposed to a dangerous, damp-infested modern slum? After the crisp-sounding headlines and the rousing political prose, where are the levers, inducements, measurements and encouragement that translate aspiration into achievement, in offices, streets, police stations and so on? In short, after you've spoken, how do you do?"

**Mr. Liddell-Grainger:** Hear, hear.

**Mr. Wright:** I agree with the hon. Gentleman. The assessment of those questions, in a nutshell, is the role of the Audit Commission in local government. One of the commission's strengths, over its quarter-century, has been the way it has evolved to take changing circumstances into account in assessing how councils are doing. The debate is extremely timely, because the Audit Commission is on the verge of moving from one performance evaluation system to another. I would like to talk about those two systems.

Comprehensive performance assessment was introduced in 2002 to provide a rounded and simplified picture of local council performance. For the first time, local residents, councils, the Government and the media could easily gauge a council's service delivery and compare it with those of its peers. The corporate assessment asked questions about councils' capacity for improvement, looking at ambition as well as current and past performance. I strongly believe that the CPA regime has been an important driver for improving services for local people, and has helped poorly performing councils to put in place building blocks for improvement.

A strength of the CPA regime has been the simplification of its assessment, so that explicit comparisons can be made between the performances of whole authorities, and not just between individual services. The fact that an authority could be classed as excellent and given four stars was an easy message and rating system to convey. Councils that received no stars, or one star, were often shocked and shamed into improving. Performance has certainly improved during the CPA's seven years. Excellence has increased, with 42 per cent. of councils in the highest category of performance by 2008—an increase from 15 per cent. in the CPA's first year. Conversely, weak performance became rare: in 2008, no council received no stars, and only four councils received one star, compared with 34 councils having been rated as weak or poor in 2002. Those rating improvements understate the improvement in real performance within local government following the introduction of the harder test for CPA in 2005.

The hon. Gentleman has made the telling point that despite improvements in corporate performance, public satisfaction with councils has fallen at the same time. Across England, the overall proportion of people who were satisfied with their council fell from 64 per cent. in 2000-01 to 55 per cent. in 2003-04, and fell still further to 53 per cent. in 2006-07. That is of concern, because there is an obvious divergence between objective assessments of councils' performance and the public's satisfaction with local authorities. That hints that the CPA regime had probably run its course, and that a new challenge, which asks challenging questions about performance from the point of view of the individual citizen or community, is required.

The hon. Gentleman lives in the real, modern world, so he knows that local authorities do not provide all services on their own. Indeed, he has discussed IBM in that regard. Local authorities form partnerships with a wide range of agencies and companies. The police form partnerships to tackle criminal and antisocial behaviour, the primary care trusts form partnerships to tackle health inequalities, and other bodies such as Jobcentre Plus and colleges form partnerships to raise skills levels and employment. In addition, the voluntary sector has increased massively in recent years. The local area agreements that we provided a few years ago demonstrate a more mature and less abrasive relationship between central Government and local government, ensuring that local targets, based on genuine local priorities are in place. Increasingly, local authorities should be seen as strong local leaders that co-ordinate the efforts of the public, private and voluntary sectors. That strong, local leadership role is more pressing than ever in this time of global recession.

As a result of that changing landscape, comprehensive area assessments will replace CPA next month. So that the commission can provide rounded judgments about the challenges, performance and prospects for particular

*[Mr. Iain Wright]*

areas, the arrangements have been strengthened for information sharing at both national and local level. There is now a network of 41 CAA leads, who are covering local area agreement, or LAA, areas to help to co-ordinate the assessments and teams on the ground. The Audit Commission will play the leading role within the seven inspectorates that will jointly carry out CAAs, which include the Commission for Social Care Inspection, the Healthcare Commission, Her Majesty's inspectorate of prisons and Ofsted. They will work together to implement the commitments in the local government White Paper "Strong and Prosperous Communities".

That sounds all well and good, but, as I have said, I am very conscious of the diverging trends between performance and public satisfaction. The experience of the citizen in accessing council services should be central to assessing authorities' performance. The services that councils provide should be based on what local people want and need. The Government believe that everyone is entitled to quality public services and that local people deserve to know how well their council is serving them and providing those services. I fully agree with the hon. Gentleman that accountability for local services and strategies is important, and local authorities and their partners should be accountable not only to the Government, but to each other and to local people.

CAA will be a robust assessment that is based around the risks to outcomes and the management of those risks. Risk management has been in the news an awful lot in the past 12 months, because of what has happened in the financial sector, and I absolutely agree with the hon. Gentleman that it should play a leading role in setting targets and assessing and monitoring performance at local authority level. CAA will focus not on structures, nor on abstract theories that mean nothing to people's day-to-day experiences of local public services, but more on outcomes, citizens' experiences and perspectives, and areas rather than just individual institutions.

CAA will put local residents first and focus on results that will make a real difference to people's lives. It will also relate people's experience of living in an area to how local partners work together and how local public services can be improved. For example, normal people are unconcerned that the police should have formal and legal responsibility for tackling crime and that local authorities should have a statutory responsibility for tackling antisocial behaviour. Normal people simply want their area to be safe, and want the police, councils and others to work strongly together to achieve that. CAA will therefore take more account of the priorities and perspectives of local people, and will report in a way that makes sense to them. It should provide local people with better, more focused information to help to hold local bodies to account.

The inspectorates have made it clear that the views and experiences of local people will be key sources of evidence for CAA. They will draw on the findings of the new biennial place survey, as well as the national survey of third-sector organisations and the annual business survey. They will also take account of the area's own evidence through users' views of local services. Local partners will engage with residents to find out their views about the priorities for their area, and whether those priorities are then delivered. The level and quality of public engagement and empowerment will then be evaluated as part of the CAA process, including how well vulnerable and marginalised groups have been involved.

In conclusion, this topic is incredibly important, as it concerns the accountability, corporate performance and audit of £200 billion of taxpayers' money. It is right and proper that appropriate risk management and corporate governance policies are in place and that they are evaluated in an independent manner. I think that the Audit Commission does that, but I am happy to talk to the hon. Gentleman, at length, about how we can improve that process.

*Question put and agreed to.*

1.59 pm

*Sitting adjourned.*

# Westminster Hall

*Wednesday 11 March 2009*

[MR. MARTIN CATON *in the Chair*]

## HMRC (Office Closures)

*Motion made, and Question proposed,* That the sitting be now adjourned.—*(Mr. Ian Austin.)*

9.30 am

**Mr. Anthony Wright** (Great Yarmouth) (Lab): As you can see, Mr. Caton, I brought my fans along as well—*[Interruption.]* Unfortunately, I cannot control them, as I am sure the record will show.

I am pleased to have secured this debate, but it is unfortunate that we have to discuss the possibility of up to 200 offices of Her Majesty's Revenue and Customs throughout the UK closing. Many Members have turned up today, but I know that many others would have loved to be here to join the debate and make their arguments on why it is wrong of HMRC to close many of its offices.

The possibility of up to 200 offices closing was announced two or three years ago. Some have closed already and more closures were announced in December. To give an idea of how many offices are to close: the eastern region would lose 18, the south-west 19, Yorkshire and Humber 9, Northern Ireland 5, Scotland 20, Wales 11 and the north-west 11. The spread of closures will have a huge impact on all parts of the United Kingdom.

I am sure that other hon. Members will relate stories from their own constituencies, so I shall concentrate mainly on the proposal to close Havenbridge house in my constituency. As a result, not only will people suffer poorer service, but staff in Great Yarmouth will be faced with the prospect of losing their jobs, which many of them have been doing for more than 20 years. The situation in many constituencies throughout the UK that are facing similar closure proposals will be identical.

Against that background is the fact that we in Great Yarmouth have already suffered from public sector job moves. In the past two years, we have lost the criminal justice unit—approximately 50 jobs moved to Norwich—and the Department for Work and Pensions has streamlined its Jobcentre Plus services, resulting in the closure of the office in Yarmouth house, Yarmouth way.

**Dr. Ian Gibson** (Norwich, North) (Lab): My hon. Friend and I are both in a good mood this morning because Norwich City managed to get three points last night and may yet escape relegation. Despite the bad news, there is some good news as well.

If jobs were to move from Great Yarmouth, which is a centre that desperately needs support because of deprivation, would they go to Norwich? The last thing anyone who represents constituents and working people in Norwich would want is a competitive environment in which jobs are taken from one place and put in another. Jobs are needed in both places.

**Mr. Wright:** I absolutely agree with my hon. Friend on job moves, which will affect the whole of Norfolk; for example, the office in Dereham is also up for closure. I believe that we would all say exactly the same thing: we do not want jobs to be taken from other areas. I shall discuss the deprivation indices in my constituency, but first I want to develop my argument a bit further.

As I said, Great Yarmouth has already lost many offices and jobs to other areas. The last closure, just recently, was of Norfolk mental health care trust's adult unit in Northgate hospital, which was moved to Carlton Court hospital in Lowestoft. There has been a migration of jobs from my constituency to other areas—not a million miles away, but problems are created for the staff and, in the case of Norfolk mental health care trust, for patients and their families.

The debate about the HMRC closures is not new. People in the local branch of the Public and Commercial Services Union have been writing to ask for my support ever since the announcement in 2004 of the consultation. As well as asking questions, I had a debate on the subject in May 2007 to which the present Minister for Local Government, who was then the Minister responsible, responded. I shall quote from that debate later. I have had meetings with three Ministers with responsibility for the matter over that time. The last was with my right hon. Friend the Minister who will respond today. He has been given a poisoned chalice, as it will be on his watch that many people will see the demise of their livelihood.

During the consultation, there were written agreements about jobs. I quote from the response that I got from the Minister for Local Government on 2 May 2007. He stated:

> "As part of the staff support process, managers will meet their staff to discuss whether the moves that result from the decisions are reasonable in the light of their circumstances and, if not, HMRC will provide work for them in a location that is within a reasonable daily travel distance or it will consider other arrangements such as alternative hours or home working. Staff will not be made redundant as a result of the announcements; that is entirely in line with the current no-redundancy agreement with the trade unions."—[*Official Report,* 2 May 2007; Vol. 459, c. 477WH.]

On the face of it, there appears to be a guarantee that employees and unions alike would find acceptable; in practice, however, that is not the case. For example, what is a reasonable daily travel distance? In negotiations last year, the PCS and HMRC concluded an agreement on staffing, working conditions and job security. The process was designed to establish, on an individual basis, the reasonableness of expecting members of staff to move to another office. A journey time of one hour each way—to and from work—was adopted as the limit beyond which it was not reasonable to expect any individual to travel. HMRC accepted that although reasonable daily travel should not exceed one hour each way, individual personal circumstances—for example, disability and caring responsibilities—could mean that [illegible] than one hour each way might legitimately be [illegible]nd a reasonable daily travel limit.

To achieve consistency and fairness, the process called for every member of staff situated in an office whose closure was proposed to be interviewed by their manager, on a one-to-one basis, to provide an indication of whether they were within or outside the reasonable daily travel limit. The preliminary indication from the one-to-one interview was then to be quality assured by a moderating panel of more senior managers, who would decide on the issue of reasonable daily travel and notify each individual of their decision. Those deemed to be within the reasonable daily travel limit would be

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instructed to move to another office. However, experience has shown that, far from providing an assurance of fairness, the moderation procedure has consistently delivered perverse outcomes. I shall give examples.

One part-time single mother has two children, both of early school age. She is an administration officer—the second lowest grade—and works during term time only for 20 hours per week. Despite having a planned journey each way of between one and one quarter hours by car or two hours by bus and train, and fixed working times due to child care commitments, that member of staff was told that she is within reasonable daily travel of Norwich. Although part-time workers do not have their travel time calculated pro rata, like their pay and holiday entitlement, they are expected to undertake the same length of journey as their full-time colleagues, in effect making a disproportionately longer day. In that person's case, the proposed travel time is four times longer than at present and would make up one third of her working week, albeit one third that is not paid.

The present child care arrangements further complicate the situation. No child care is available in the village where my constituent lives. To maintain her working pattern, her two girls would have to attend pre-school and after-school child care in the nearest town. That would mean that the girls would have to travel to and from the child care facilities by taxi. The member of staff has estimated that that would cost up to £31 a day, or £124 a week—just under £500 a month out of a take-home wage of £756. The only other option would be to reduce her working hours so that she could continue to take her children to and from school herself. That option, however, would result in her having to work nine hours less a week and suffer a 24 per cent. reduction in her take-home pay. I would call that constructive dismissal.

Another member of staff has long-term care responsibilities for a disabled parent who is housebound and who receives no support from social services. The individual has a back injury and therefore cannot drive very far. Despite the fact that public transport will take 85 minutes each way and obviously have a particularly detrimental effect on the individual's ability to carry out their caring responsibilities, HMRC has not deemed them to be outside the reasonable travel limit.

Another individual who lives in Great Yarmouth transferred to Havenbridge house from Norwich because of elder care responsibilities. Even by HMRC's questionable method of calculating journey times, the travelling time to the new location exceeds one hour each way, but it is still deemed to be reasonable daily travel. HMRC's moderating panel ignored the individual's changed circumstances and simply decided that because they had once done the journey, it was reasonable to expect them to do it again.

Although HMRC is prepared to make a contribution for a period to an individual's additional travel costs once they are compulsorily transferred, the daily travel allowance is regarded as income and taxable. Other colleagues will lose tax credits because of the daily travel allowance, so they will be financially disadvantaged.

Another example is that of a 62-year-old male part-time admin assistant. He did a financial breakdown of the effects of having to relocate to Nelson house in Norwich. His monthly wage of £852 will increase due to the daily travel assistance of £90 a month—the amount is higher, but these figures refer to the actual increase in net pay after the employee has paid tax and national insurance on the gross sum. The increase in total earnings, however, means that the individual loses £75 a month in tax credits, because the daily travel allowance counts toward total income, so it reduces his tax credit entitlement. He will incur further financial detriment, as the increase in gross income will reduce his housing and council tax benefits by £29 a month. This constituent will be £104 worse off every month owing to the relocation of the office to Norwich—and that is before he actually travels.

**Gwyn Prosser** (Dover) (Lab): My hon. Friend carefully paints a very accurate picture of the difficulties that PCS workers and others face during the programme. Is it not true, however, that even before the formal proposals are introduced, offices such as Centurion house in Dover, from where business streams are being transferred to other areas, face closure by default, and that its employees face, as my hon. Friend says, constructive dismissal?

**Mr. Wright:** Yes, absolutely. As I said earlier, everything that is happening to us in Great Yarmouth is replicated throughout the country. I shall prove that point when I develop my argument about the issues that were not taken into account when assurances were given.

**Andrew George** (St. Ives) (LD): The hon. Gentleman makes an excellent case, and we can all make strong cases for not closing tax offices in our constituencies. Penzance, in my constituency, sits at the poorest end of the poorest region in the UK, so cutting jobs at the present time is not especially wise. The specific problem, however, is the bizarre way in which HMRC has treated its main asset: its human resource. The people in the Penzance office's compliance team, for example, provide the service with the type of stability that will not be replicated in the new centres, where job turnover will be much more rapid. That stability among HMRC's human resource is its greatest asset, and it is going to lose it.

**Mr. Wright:** Absolutely. The hon. Gentleman has hit the nail on the head in terms of experience, because, in my constituency, the average number of years that people have worked in the department exceeds 20. I do not know of any other industry or profession with such consistency, and over those 20 years, people have built up their professionalism, contacts and local knowledge. However, if we put in their way obstacles such as travel or care responsibilities, which do not allow them to strike a work-life balance, we will lose that professionalism.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): My hon. Friend mentions local knowledge, and it is particularly important in tackling tax evasion, because local knowledge is a major factor in the success of compliance. Today, and every day in this country, a minimum of £100 million in income tax payments is evaded, but compliance officers typically obtain an extra £600,000 to £700,000 tax each year through their work. If we distribute those people to the winds, to areas that they do not know, we will seriously weaken that valuable compliance role throughout the UK.

**Mr. Wright:** That is a very valid point about compliance offices. The proposal creates other issues, problems and, indeed, questions about what will happen within the compliance units when they are moved away from their localities, where they know local businesses and people and can keep their finger on the pulse. Bridging the gap created by the huge amount of businesses and business people who may evade tax is, indeed, an issue. Another perverse point is that, Mapeley, the managing agents of Havenbridge house, is based in the tax haven of Guernsey.

**David Taylor:** And whether or not the tax offices are left open, we still have to pay rent.

**Mr. Wright:** Absolutely.

I really wanted to give these examples, because we can multiply them hundreds of times over, and individuals find themselves in such situations throughout the country.

**Mr. Alan Reid** (Argyll and Bute) (LD): The hon. Gentleman makes a very powerful case on behalf of his constituents. Does he agree that the proposal, as well as having a devastating effect on current staff, has a knock-on effect in our areas, where jobs will be lost for ever? That will affect future generations. In my constituency, tax offices in Rothesay, Oban and Dunoon provide employment in remote areas where alternative employment is often difficult to find. The losses will have a devastating effect on those communities for generations to come.

**Mr. Wright:** Absolutely. I could not have written the script much better if I had asked hon. Members to intervene. The hon. Gentleman raises another issue that must be looked at. I expressed my constituents' concerns about these job moves, because they weaken the base for young people to come through and take up jobs in what they consider to be good, long-term professions in the civil service or public sector. They will not have that opportunity, and, once the skills are gone, they are gone for ever. Great Yarmouth thrived on the herring industry for centuries, then on oil and gas, and now we are into renewables. We were able to adapt those skills, but, in the case under discussion, it will be almost impossible. We will lose people with 25 to 35 years' experience. In the Public Gallery, there is one gentleman with 39 years' experience. He is coming up to retirement, so does he really want to move to Norwich? I suggest not. We will lose that experience, but we will also lose—the other side of the coin—the opportunities for young people to move from education into a profession, and, in an area such as Great Yarmouth, that will have a devastating effect.

**John McDonnell** (Hayes and Harlington) (Lab): I congratulate my hon. Friend on the campaign that he has waged in Great Yarmouth. I particularly enjoyed the PCS stick of rock at Yarmouth market; it was an effective tool. The anecdotal evidence that we have from all our experiences is that the job cuts and their impact fall disproportionately on women, largely because of carers' issues and the amount of women who work for HMRC. Interestingly, there is a contradiction, because the Government are going to introduce their Equality Bill in May, in which we will focus on how we protect people, particularly women, on an equal opportunities basis; yet, here we are introducing a policy that will put large numbers of women at a financial detriment and, often, out of employment.

**Mr. Wright:** Again, that is an extremely valid response to an issue that affects Great Yarmouth, as well as other areas. Many of the jobs are part time, and people took them because they were flexible and allowed them to strike a work-life balance. I commend the Government's moves on equality to give women the opportunity to go back to work, but here we have the perverse opposite. The profession contains a large proportion of women, and I have anecdotal evidence of single mothers who will not be able to continue with their work but may be penalised by further legislation for not actually going to work. We are not giving them many opportunities, and, in area such as Great Yarmouth, that will have a profound effect on the economy.

During the 2007 debate, the then Minister said that management would meet staff and discuss whether the proposed moved was

"reasonable in the light of their circumstances". —[*Official Report*, 2 May 2007; Vol. 459, c. 477WH.]

I do not believe that that has happened, or that it was considered important. From my discussions and the letters that I have received, there is no doubt that many staff will not be able to commute to their new place of work.

When I met the then chief executive, Paul Gray, at the insistence of the then Minister, Mr. Gray confirmed that those issues would be taken into account when considering the possibility of office closures. I left his office with a degree of comfort and thought that we had won the argument, because I knew the cases, arguments, difficulties and unemployment levels in my constituency. Back in 1989 we were at 20 per cent. unemployment. We constantly have the highest unemployment level in the eastern region and there are severe deprivation factors. Fortunately, during the last 10 or 12 years significant sums of Government money have been pumped into the regeneration of our new harbour and the integration programme, for example, and dozens of other projects, which have created a new impetus in the town to give us encouragement that we are combating unemployment there, even in the dire circumstances of the recession. I do not want another arm of the Government creating other difficulties in the difficult circumstances of the recession.

**Mr. Andrew Turner** (Isle of Wight) (Con): The problem is that there are low-level businesses, such as the ones that the hon. Gentleman and other hon. Members are speaking about—like the one in my constituency on the Isle of Wight—and then there is something up at the top. There is a difference between hon. Members from all parties and what is being said at the top. Those differences need to be brought together gradually and the people who organise things should not allow the opportunity to do so to run away.

**Mr. Wright:** I can develop an argument about the procedure that was missing from the consultation. During the post office closures, for instance, criteria were laid down saying that a post office in an area with deprivation could not even be considered for closure unless there was another one within a mile and, if that was so, it was

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taken out of the equation all together. However, no account has been taken of different socioeconomic circumstances in the areas I am talking about. If the Department says that those have been taken into account, it has been given the wrong information or it has had the wool pulled over its eyes by the officers who have taken the process forward. Other hon. Members' constituencies have suffered in the same way and are losing jobs.

**James Duddridge** (Rochford and Southend, East) (Con): I congratulate the hon. Gentleman on securing this debate. He paints a bleak picture, but I fear that it may be even worse, because in Great Yarmouth, like Southend, jobs are moving away from constituencies with serious deprivation and unemployment levels that are higher than regional and national levels. The Government, through the Lyons review, are saying no to relocating other Government offices within those areas, but at the same time the Department for Communities and Local Government is pumping in regeneration money. That is incoherent and inconsistent and it is bad for the hon. Gentleman's constituents and mine.

**Mr. Wright:** That is a point, but as I just mentioned the millions of pounds that have been put into my constituency have created further employment opportunities. I find it perverse that, as the hon. Gentleman rightly says, we are supporting regeneration in our communities—mainly seaside ones, by and large—and a huge amount of investment is going in, yet because of the peripherality and transport links the Department seems to say that it is more convenient to move away into city centres, forgetting the difficulties that it will face. I suppose I am thankful that there are no forced redundancies and job losses in this area, although there are thousands of job losses across the civil service. Obviously, there is a degree of concern about that.

As I said earlier, the proposal that I am talking about is constructive dismissal in a different format. If I was a trade union official in a factory and was faced with this argument and told, "We are moving, this is fair," I would say, "It is constructive dismissal." We are not making people redundant and I applaud the Government for not enforcing redundancies, but they are forcing people in these circumstances into deciding that they cannot continue in their employment for whatever reason.

After my meeting with Paul Grey he gave me the assurances that I mentioned. But recently the new chief executive wrote to PCS on a question about impact assessments, saying,

> "Impact assessments were carried out on all offices proposed for closure, including Hawnbridge House…all impact assessments in the same criteria to assess socio-economic impact."

It is clear that that comment on the socioeconomic impact did not feature at all in the decision-making process, otherwise there would be clear indications of the unemployment levels that we have in Great Yarmouth, which are the highest in the eastern region, albeit much lower than in the past two decades.

The tragedy is that answers and solutions that the Department could have used to make significant savings across the board have not been taken into account. The PCS Norwich taxes branch issued a document called "Change we can believe in". What a title! It is a change that I could believe in. It advances clearly and concisely in dozens of pages the argument about how the Department could save millions of pounds in respect of office space, among other things. The PCS was disappointed that it did not even get a response saying, "Sorry, we disagree with your argument, which is wrong because of A, B, C and D." When I challenged the Department, saying that office space in Great Yarmouth is substantially lower in cost than that in Norwich, I was told that such information is commercially confidential. That is a constant argument. We can never get to the bottom of what the difference in cost is. So how can we come to a conclusion about the savings that the Department will make?

There is another disturbing point. I have kept details of nearly every single letter and debate and of arguments advanced by many hon. Members in questions. Every time the answer comes back:

> "HMRC recognises that there will be short-term costs, including staff relocation costs, associated with the closure of Haverfordwest"—

this is in reply to a question asked by the hon. Member for Preseli Pembrokeshire (Mr. Crabb)—

> "reliable figures will only be established once solutions have been found for all staff and the building has been vacated."—[*Official Report*, 15 January 2009; Vol. 486, c. 909W.]

So it does not know what the saving will be, and so we go on. How can an alternative be prepared when the savings are not known? It is like saying, "We know that there will be savings, but we don't know how much." Yet there has been a clear indication of where the savings would come from in respect of the three offices at Dereham, Great Yarmouth and Norwich. To my knowledge and from the information that I have received nobody has said, "Those figures are wrong." I can only assume that the savings, which are in excess of a third of a million pounds a year, and running on, must be true or even on the low side, and that is not taking into account the extra costs for travel. I understand that there is no figure in HMRC's budgets for redundancy payments. So where somebody cannot take their job up and we make them redundant how do we pay them? Is there a costing for that? I do not believe that there is any evidence that there has been a true reflection of costs and savings across the range.

**Gwyn Prosser:** On savings, my hon. Friend will be aware that the location of some offices is dictated by their geography and they cannot relocate, but even in those cases there are moves being made to privatise certain elements. For instance, in Priory court in Dover, which is a highly sensitive high-security centre, the Department wants to get rid of the highly regarded security systems and put in private companies. Is my hon. Friend aware, and does he agree, that not only will that undermine the security of such places, but there is no proved saving at the end of a difficult process? Does he not think that the Department should think again about these matters?

**Mr. Wright:** Absolutely. Using the argument about the recession and what my hon. Friend has said, the latest closure programme covering all the offices that I have mentioned should be ceased forthwith and the Department should have another rethink. Let us get the answers to this problem and find out what the savings will be, compared with the alternative advanced by the

unions. The union in this case is open to negotiations and clearly accepts that we need to modernise and save the taxpayer's money. I think everyone would agree, and I cannot understand why we are going into the matter blindfolded, not knowing what the savings will be. When questions are asked about differences in rent, one is told that the information is commercially sensitive, and no answer is forthcoming. Unless someone gives me the figures, I say clearly and categorically, without the evidence before me, that Yarmouth office space is far cheaper than Norwich office space.

I had a meeting with the owner of the building. HMRC rents five floors, but for the past two years only three floors have been used. The rent could have been negotiated down—considerable sums are involved—because only 60 per cent. of the floor space was being used and 40 per cent. was being wasted. I know that there are contractual obligations and so on, but I also know that the owner wants to negotiate with Mapeley because they could put someone else into the accommodation. There are issues, but the evidence in the report has been put into the consultation process, to which there has been no response, and there is no dispute about the figures and so on, so will my right hon. Friend reconsider the whole programme of closures, not just at Havenbridge house, but throughout the country?

There are deficits in the consultation process, and I am sure that savings will be made, but at what cost? I do not want that cost to force some of my constituents, who may be on the lowest pay and have severe difficulties with their life-work balance, to have no option but to leave the profession that they have worked in for 25 years because they cannot travel to Norwich. I urge my right hon. Friend to reconsider the issue seriously for that reason, and because this is a difficult time with the recession. I am not saying that there is ever a right time, but now is not the time for uncertainty.

10.2 am

**James Duddridge** (Rochford and Southend, East) (Con): I will keep my comments brief, because many hon. Members feel as I do. There are many similarities between Great Yarmouth and Southend in the stories and problems related by the hon. Member for Great Yarmouth (Mr. Wright). My personal interaction with HMRC started in 2006, shortly after my election in 2005, when the executive summary of a technical office accommodation review said:

"No jobs will be lost directly as a result of this proposal."

However, buried in the document, reference was made to 344 jobs, which I was told were nothing to worry about because they would go through natural wastage. How offensive it is to discuss people's livelihoods as being naturally wasted. That is insulting to anyone.

In 2004, 2,491 people were employed by HMRC in Rochford and Southend, East, but the 2011 figure is projected to be only 1,500, a loss of about 1,000 jobs. It is now clear that one of the two major office blocks in Southend—Alexander house and Portcullis house—will close entirely. The Mapeley saga could not be made up. If it was in *Private Eye* one would think it satirical that the Inland Revenue was offshoring its property arrangements. That is shabby and duplicitous, and if anyone else did it, no doubt the Treasury would examine the arrangement to see whether it was tax avoidance or something more serious.

In Southend, unemployment is higher than the regional and national average, as it is in Great Yarmouth. There is enormous inconsistency, with some Departments not recognising the value of local jobs in pockets of deprivation in the east and south-east of England, but recognising it in the need for regeneration. All credit to the Department for Communities and Local Government for recognising that Southend, Great Yarmouth and other seaside towns with pockets of deprivation need regeneration. Some money comes forward in one hand, but is taken away by the other hand through all the administrative costs associated with the changes.

The Lyons review needs further consideration, because for our constituents the situation is even worse than the hon. Member for Great Yarmouth said, not only because of the jobs that are going, but because when there are future big infrastructure projects in towns consideration will be given to areas with deprivation over a longer period. Opposite Portcullis house in Southend are some tower blocks where the occupants are in the bottom 10 per cent. of deprivation in the whole United Kingdom. For many of them, work is hard to find and they have difficult family situations. They are exactly the sort of people whom we should be helping. The Government are trying to get young, single mothers back into work, as we will if we are in government, and jobs in HMRC, which are predominantly part-time, are critical, yet the heart of them has been ripped out.

Constructive dismissal has been mentioned, because people will have a journey of one and a half hours. The hon. Member for Great Yarmouth is right in saying that they are being treated shabbily by being expected to travel long distances. In Southend, in addition to part-time work, there is also monthly periodic work with VAT returns, and dealing with peak flows and so on. Over 20 or 30 years, many people have changed their personal arrangements to fit in with HMRC, which is now jettisoning them because those arrangements are no longer convenient for it.

The relationship and merger between Customs and Excise and the Inland Revenue is not working well. It is certainly not working well in Southend. The cultural clash, with misunderstandings and constant change, is difficult. Only last weekend, I sat down with someone who told me that she used to enjoy her job and used to be able to do a good job, but with the changes, and with IT infrastructure and files in a different place, she is completely demotivated and cannot do her job as well as she did it in the old-fashioned way. The merger is not working.

I had a meeting with the acting chairman of HMRC, who was then Paul Gray, but the relationship locally between management and Members of Parliament is appalling, certainly in Southend. That is a criticism not of individuals, but of the structure. Southend has a relatively small but important IT operation, an anti-fraud operation, a VAT processing operation and some slightly more traditional operations. Because of the reporting lines, many different people are in charge of different departments, but no one in HMRC in Southend is in overall charge, so it is impossible for me, as a Member of Parliament, to have a relationship with a local employer of 2,500 people.

I encourage the Minister to appoint one senior individual in HMRC's hubs in constituencies to represent it in the local community. I am not the only person who wants

*[James Duddridge]*

such a relationship; the chief executive of Southend borough council, the leader of the council and other civic and community groups want HMRC to integrate with the community. There is much to be done, and it is clear from hon. Members' comments that there are many problems.

**Several hon. Members** *rose—*

**Mr. Martin Caton (in the Chair):** Order. Five more hon. Members have indicated that they would like to contribute to the debate, and we must start the winding-up speeches at 10.30, so I appeal for brevity from Members.

10.8 am

**Ms Katy Clark** (North Ayrshire and Arran) (Lab): I am grateful for this opportunity to speak on behalf of my constituents, who are directly affected by the closures. As hon. Members are aware, the intention is to close more than 200 offices nationally, and 25,000 jobs will be lost by 2011. It is clear from the number of hon. Members in the Chamber today that many people throughout the country are worried about the proposals.

I shall be brief, but I want to put on record my concern about the relationship between MPs and their local tax offices. In the west of Scotland, some MPs have had difficulty visiting tax offices during the past few months to speak to management and the work force about the difficult processes that are going ahead. That is not what we expect in the public sector, and I hope that the Minister will take the matter up because it has made a difficult process worse for those involved.

In Scotland, 19 tax offices are under threat, and their closure was announced on 4 December. The tax office that probably most affects my constituents is at Greenock. The Greenock customs house is an historic building and there is great concern locally about the fact that so historic a building, a working customs house, with its own museum and history, is being closed. It is in an area of high unemployment and high deprivation, so there are serious questions about how much money will be saved as a result of the closure. The belief is that the amounts will be quite small. Will the Minister respond, perhaps after today's debate, about the amount of money that will be saved by closing the tax office at Greenock?

As I said, the tax office is in an area of high unemployment. Both Inverclyde and Ayrshire, which will be directly affected if the closure goes ahead, are areas of historically high unemployment—areas that traditionally had huge levels of employment in manufacturing and industry, which have closed over the past 13 years. Of course, over the 18 years of Conservative government there were massive job losses and the area has not recovered. At a time of recession, when things are already difficult, job losses of the type that we are discussing are far from helpful.

Women workers are particularly affected by the closures. Greenock is in a geographically remote area where the transport links are not good and public transport links in particular are very poor. The women who are affected are well educated and most of them come from the local area, so they have worked for that employer for many years—decades, in many instances. The reality is that they simply will not be in a position to travel to the alternatives that might be available to them, because of child care and other caring responsibilities. From a public policy point of view, that does not seem consistent with the Government's other policies.

The other issue that has been raised is tax avoidance. The TUC estimates that £12 billion is lost each year through what is called tax planning, and indeed tax avoidance, by the largest 700 corporations in Britain. I understand that it is equivalent to one tenth of all households paying over their entire annual income to plug that tax gap. Anything that causes us to lose experienced staff and moves us a step away from ensuring that we see proper payment of tax must be regretted.

I know that my colleagues have many points to make on behalf of their constituents, but I want to raise a few issues that have been raised with me by constituents who are directly affected—in particular, the lack of assistance from HMRC in obtaining alternative employment with other Departments. Those people are being treated as voluntarily moving their employment, whereas in fact they are being forced into a new job. If a job with similar terms and conditions and similar pay is not available, what will happen to them? The reality is that they will have to take a lower salary or an alternative job. Will the Minister spell out the plans for members of staff who are left stranded with no alternative employment at the end of the exercise?

We need to consider what is happening in other areas. For example, Cumbernauld, one of the tax offices to which it is suggested that my constituents move, is training staff to learn new skills. We are losing staff who have a wealth of experience gained over many years, but we are taking on and training people who do not have those skills. The issues that I have raised are of great concern and I ask the Minister to reconsider the policy.

10.14 am

**Tim Farron** (Westmorland and Lonsdale) (LD): I congratulate the hon. Member for Great Yarmouth (Mr. Wright) on securing an incredibly important debate. I shall speak for only a few minutes and restrict my comments to my great concern about the imminent proposed closure of the tax offices in Kendal in my constituency, although many of my constituents work in the tax offices in Barrow and Lancaster, both of which have also been put down for closure.

It has been a privilege to work alongside the many people who work in the tax offices in Kendal and to see at first hand their dedication to their role. Over the years, I have seen the number of staff working at the tax offices in Kendal go down from almost 100 to about 40 at present. Because of the proposed closures of Barrow and Lancaster as well, the powers that be have agreed that there is no possibility of a reasonable travel-to-work distance to an alternative tax office at Carlisle or Preston, for example. Although there is still, thankfully, the promise of no compulsory redundancies—we shall hold the Government to that—that means closure of an office by atrophy over time, which is appalling and demoralising for all the people there during that time.

**Sir Alan Beith** (Berwick-upon-Tweed) (LD): Does my hon. Friend not agree that in such a situation, which is comparable to ours in Alnwick in Northumberland,

where the work will be relocated to a business park more than 30 miles away, the Government ought to have a programme of decentralising other work, because they are pulling the heart out of many small towns—the main source of office employment? As Governments have sometimes done in the past, the Government could have a programme to take work from central locations into small towns.

**Tim Farron:** My right hon. Friend is absolutely right. The Government appear to be sucking public sector jobs into areas that already have plenty of them and taking them away from smaller areas that desperately need them. Those jobs will be lost to our area—that is the bottom line—and in an area such as South Lakeland, where average house prices are about 13 times average annual wages, the possibility of decent well-paid work is essential. The proposal is a huge blow to South Lakeland and Kendal. I ask the Minister to please rethink, for the reasons that I have given and for two other reasons.

There are two other reasons why the decisions generally and those specifically affecting my constituency are foolish. The first relates to the economic situation. As has been mentioned, the plans were drawn up before the recession. Now that John Maynard Keynes, a great Liberal, is fashionable again, I remind hon. Members of one of the many wise things that he said:

"When the facts change, I change my mind."

The facts have changed. Why on earth would the Government disinvest in parts of the public sector in the middle of the recession? That is the one part of the economy that they really can control, so why on earth would they withdraw from public sector investment in this way?

The second reason relates to HMRC's own business case. We have already heard that the employees whose jobs are at risk are doing an outstanding job in bringing revenue in for the tax man—for the Exchequer. In my area—the lakes and dales and Kendal—many small and medium-sized businesses in tourism and retail do not have the money for their own financial advisers on tap and in-house. They rely on the excellent service they receive from the tax office in Kendal to ensure that they pay the right amount of tax, and they want to pay the right amount of tax.

The outcome of the closure programme will be mistakes and reductions in revenue. It is a counter-productive decision and move on the part of the Government. In the interests of my constituents in Westmorland and Lonsdale and, indeed, in the interests of the wider economy and the Exchequer, I plead with the Minister to rethink.

10.18 am

**Geraldine Smith** (Morecambe and Lunesdale) (Lab): I shall be brief. The consultation was a complete sham. The hon. Member for Lancaster and Wyre (Mr. Wallace) and I, Lancaster city council, the chamber of trade and many local organisations objected to the closure of the Lancaster office, but it was still announced on 4 December. May I ask my right hon. Friend the Minister why we always do such things before Christmas? Is it to cause the maximum stress and upset to staff at that time?

Some 61 per cent. of staff in Lancaster have no viable option for future employment, because the nearest office that carries out work that they can do—I am talking about the processing teams—is at Salford, so at present they are surplus to requirements. They are told that they may be offered other jobs outside the current business stream, but so far none has been brought to their attention. They have not been given viable alternatives, yet voluntarily leaving the service is not an option in the current economic circumstances. We should be doing all we can to help those people.

I want to ask the Minister about the costings. How long will it take to make a saving on some of those offices, given all the relocation costs, severance pay and everything else that has to be taken into consideration?

I believe that in our area there is a solution. The original proposal for the Lancaster office was to withdraw from Charter house and relocate the staff to other offices within a reasonable daily travelling distance. Preston was to have been the main office, but the department has now withdrawn that option, which leaves the majority of staff stranded in Lancaster. I believe that the Preston option has been withdrawn because HMRC has finally realised that there is no capacity in Preston because of the redevelopment of the city centre. Preston has 2,000 staff because it is a national centre for tax credits, and those people need to be relocated now that their offices are to be demolished.

I and my hon. Friends the Members for Chorley (Mr. Hoyle) and for Hyndburn (Mr. Pope), who was here earlier, would like to meet the Minister. We believe that there can be a Lancashire solution and that people can be relocated; many of those in the Preston office already travel in from other parts of Lancashire, such as Lancaster, Morecambe, Chorley and Hyndburn. Let us get together to reach a solution and help them. At the moment, they do not feel that the Government are on their side. We should be on the side of public sector workers, doing all we can to help them in these difficult circumstances.

10.21 am

**Mr. Lindsay Hoyle** (Chorley) (Lab): I thank my hon. Friend the Member for Great Yarmouth (Mr. Wright) for introducing the debate. This is a very important subject, as we can see from the fact that hon. Members from all over the United Kingdom are here to tell the Government that they have got it wrong.

That is nowhere truer than in Chorley. I am still waiting for answers from my right hon. Friend the Minister. The big question is why the Government are doing this. They talk about uncertainty and they have said that they do not want to create uncertainty, but he has created more uncertainty than ever. As my hon. Friend the Member for Morecambe and Lunesdale (Geraldine Smith) said, there is a question over Preston. There is a major redevelopment. What about sharing the work out, sorting out the problems in Lancashire and working towards a solution?

There is no greater asset than the people my hon. Friend represents—the hard-working staff at HMRC. The Government have built up a reputation claiming to be—*[Interruption.]* Shall we give the Minister a minute? The Government have built up a reputation for being a caring employer, but all that has been thrown to the

*[Mr. Lindsay Hoyle]*

wind. We encouraged people to go part-time and we encouraged family-friendly working hours and practices, but all that has been thrown to the wind. That should not happen.

The big question is why the offices were ever down for closure. It made no economic sense to close them, but they have somehow suddenly closed. Will the Minister investigate whether there was political interference that closed our offices but kept offices open in the constituencies of right hon. Ministers, particularly given the fact that those offices cost more to run than ours? Something smells and something needs to be investigated. I hope the Minister will take the issue away and come back to us with honesty. We need transparency about what has happened, but we have not seen any yet. It makes no sense to close purpose-built offices and throw award-winning staff out of their jobs, particularly when they are cheaper. What has changed? What has gone wrong? Can the Minister look into that? Will he promise to come back to us?

As my hon. Friend the Member for Morecambe and Lunesdale said, there is work that can be put into our offices. Will the Minister please look at the issue and rethink? Will he start standing up for the staff we represent?

**James Duddridge:** Will the hon. Gentleman name the Ministers and constituencies?

**Mr. Hoyle:** Blackburn and St. Helens were down for closure, and they both cost more than Chorley to run. My office was never down to close, and it was the same with Lancaster and Accrington. Something has gone on, and we need to know why. The Minister should stand up for Back-Bench MPs like us and for the people and constituencies we represent. It is unfair to treat us like this, and it is certainly unfair on the staff we represent and on the Public and Commercial Services Union. We want some fairness, and it is time that we were shown some.

I cannot explain the issue any further, but I will tell my right hon. Friend that we are not giving up now. We have to keep going. The sooner we can have a meeting the better. Will he please meet us so that we can discuss the issue and see what we can do for the people we represent?

10.24 am

**Sandra Osborne** (Ayr, Carrick and Cumnock) (Lab): I add my voice to those of hon. Members who have complained about MPs' lack of access to HMRC offices. It seems that a ministerial decision is almost required before MPs are allowed into local offices; when my constituents met me, there was certainly a bit of skulduggery about it, and they were clearly frightened to disclose to management that they were meeting their MP. That is unacceptable, particularly in the public sector.

It will come as no surprise to the Minister to hear that I want to talk about the closure of the Ayr office. Under the initial proposals on the potential for change in Ayr and Irvine, Ayr was the preferred option to stay open because it was far more cost-effective and best suited to business needs. As others have said, however, the staff who first contacted us were more concerned about the jobs situation and did not want any offices to close.

For time reasons, I will not repeat what hon. Members have said about that, except to echo what has been said about local jobs and family circumstances. I appreciate that family circumstances are being taken into account to an extent, but I echo the comments of my hon. Friend the Member for Great Yarmouth (Mr. Wright), who illustrated the circumstances of his constituents. Again, I will not go into the individual circumstances of my constituents, which are very similar, except to say that, in terms of the Department's consideration, the situation of families is neither as positive nor as straightforward as it appears practically or financially.

Understandably, staff in Ayr were surprised, as I was, when it was decided to close Ayr and keep Irvine open, given that we had all been told that Ayr was the preferred option. I have requested the facts and figures behind the reason for the change, but the Department has given me only a bland response. HMRC has said that the decision was finely balanced, but the information to date does not show why it was decided that the Ayr office was less viable. There must, for example, be a record of the running costs of the two offices over the past three years and of the projected costs for the next three years and into the future. I would be grateful if the Minister could at last supply those figures. I also understand that the lease on Russell house in Ayr is not due to expire for a considerable time, so there must be a sizeable penalty if it is vacated before the end of the lease. Again, I would be grateful for information on that.

It has been suggested to me that socioeconomic factors are partly behind the decision, and I know that my hon. Friend the Member for Central Ayrshire (Mr. Donohoe) has campaigned long and hard for civil service jobs in his area. However, I would make two points. First, I doubt whether the majority of staff who work in Irvine actually live there and I am also sure that few, if any, staff from Ayr will move to Irvine if the final decision is taken. That is for purely practical and, given the current economic climate, financial reasons. It is not, therefore, a question of protecting jobs for local people.

Secondly, and more importantly, however, my constituency has an unemployment rate of 6.3 per cent., while Central Ayrshire has a rate of 5.7 per cent., so unemployment is higher in my constituency. As a result, I fail to see how that can explain the decision. I therefore plead with the Minister to give us a proper detailed explanation of why Ayr is no longer the preferred option.

10.28 am

**Dr. John Pugh** (Southport) (LD): I am grateful to the hon. Member for Great Yarmouth (Mr. Wright) for triggering this debate. Although I am speaking from the Front Bench, I also want to speak on behalf of the hard-working, diligent and loyal staff at Duke's house in Southport, who have been sorely affected by this issue.

The justice of the case is well illustrated by the fact that we have an array of some of the most caring, diligent, thoughtful, industrious and independent members of the parliamentary Labour party here, all of whom have spoken with no aspiration—or, frankly, realistic hope—of promotion.

**Mr. Hoyle:** Some consistency.

**Dr. Pugh:** Well, there is a clear and consistent explanation behind all this, because it all started with the then Chancellor's announcement of the Gershon review in 2004. At the time, he was involved in a Dutch auction with the Tories, who had the James review, and both sides were working to more or less the same formula: there would be job losses in the public sector, a reduction in the estate, shared services, increased use of IT, outsourcing and smart procurement.

When the issue was debated in 2004, my hon. Friend the Member for Twickenham (Dr. Cable), in his usual prophetic way, pointed out the sheer irresponsibility of announcing figures for job cuts without saying how they would be made or whose jobs they would be. It was all broad-brush, big-canvas stuff about the direction of travel—there were no detailed plans. The result is here with us today: it is that decisions made at the top have had to be implemented somehow, on the ground, by third or fourth-tier civil servants. And so it is in the Treasury. I do not think that any serious calculation has been made of how many officers are needed, or how many people need to be involved in the process of tax collection. There is a general suggestion that the Treasury can be rationalised; its estate can be rationalised, its staff reduced and its processes simplified on Henry Ford-style principles, through the breaking down of the complex business of tax assessment. I remember when tax inspector jobs were advertised by saying that it was a job appealing to reason. That can no longer be put in the advert, because what we are talking about now is reducing complex tasks to simple tasks done through the lean process, in what one might call tax factories.

The process of change from workshop to factory has, to the credit of HMRC, been carried out as sensitively as it knows how, which may not be that sensitively in the end. HMRC promised—the same has been promised in this Chamber—detailed personnel analysis before any move was made, and guarantees to be given to the union. It said that it hoped for heavy reliance on natural wastage rather than redundancy. However, there are strong arguments to be made about the process in principle. The lean process in taxation is relatively new, and it has hidden costs. Most of the larger institutions have poor recruitment, high staff absence rates, an increased carbon footprint for the people who work there—which is also a concern for the Treasury—and reduced public satisfaction with the handling of complex and non-standard cases. The standard cases go through as they do at DVLA and similar places, but the more complex and troublesome ones take longer. The evidence for the lean process is not overwhelming. It can be argued that fraud detection will be better with a local presence; it can also quite reasonably be argued that the protection of vulnerable customers, such as the digitally excluded, the elderly and migrant workers, cannot exclusively be dealt with through a process of central data matching. It is good, useful and worth having, but it is not enough to get the tax job done efficiently. In an IT-enabled, carbon-aware, family-friendly world, warehousing workers is neither necessary nor particularly smart.

The one argument that counts, and counts now, is whether the costs of change outweigh the assumed benefits. The guarantees given to staff about such things as deployment, disability, family responsibility and travel, which were all given with some degree of sincerity, have in some cases been pushed through. Some rearrangements have been made in a brutalist fashion, but by and large a process has been conducted—a fallible process that lacks credibility in certain respects. However, even where only lip- service has been paid to the procedures and closures, it has become apparent that some were very hard to carry out. In the short term, if relocation and other costs such as voluntary redundancy are added in, they are very expensive. If to that is added the fact that it will not be easy to pull out of property that the Treasury no longer owns, but holds under the public-private finance initiative, particularly given the collapse of the commercial property market and the present financial difficulties of the owner—it is a tax-dodging hedge fund but it still has severe financial problems of its own—the true cost of all the rearrangement is simply not known. It is obviously shrouded in confidentiality.

One thing is emerging—and it is certain that it is emerging, because of the extent to which the pace has slowed down in some places: some closures make no savings in the short term, but just bring added costs. Some closures—I suggest that Southport is a quite good example—bring no savings in the medium term. Despite all this, third-tier officers may press on blindly following orders and implementing what they assume to be the master plan from above; but with an election nigh, I should be surprised if, higher up, some people were not having second thoughts.

10.34 am

**Mr. David Gauke** (South-West Hertfordshire) (Con): It is a pleasure to serve under your chairmanship, Mr. Caton. I congratulate the hon. Member for Great Yarmouth (Mr. Wright) on securing the debate. He has clearly touched a nerve, given the number of speeches by Members of the House from all over England and Wales, representing all parties. There is clearly great concern among hon. Members about the impact of the HMRC office closures. Several hon. Members have set out the difficulties of their constituents, and the problems created by office closures. Some have raised concerns about the manner in which the process has gone forward. I was very struck by the remarks of the hon. Member for Chorley (Mr. Hoyle) when he made the serious allegation that the details of the office closure programme have been driven not solely on efficiency grounds, but also on the grounds of the constituencies where offices were.

**Mr. Hoyle:** I want the matter cleared up. One can only suspect political interference because the case was made that the Chorley office cost less to run, which was why it remained open. Suddenly it is closing and the two offices that were down for closure remain open. That is what leads one to ask, "Is it political interference or something else?" I want it cleared up; I want transparency and I want the Minister to reply honestly about it.

**Mr. Gauke:** I am grateful to the hon. Gentleman for setting out his suspicions. Let me put it no more strongly; I do not think that the hon. Gentleman wants to put it any more strongly than that. It would be helpful if the Minister would discuss that concern and any representations the Treasury and HMRC might have received from the Secretary of State for Justice and Lord Chancellor, the right hon. Member for Blackburn (Mr. Straw) and

*[Mr. Gauke]*

the Lord Commissioner of Her Majesty's Treasury, the hon. Member for St. Helens, North (Mr. Watts): I think that that would be the basis for the suspicions of the hon. Member for Chorley.

The hon. Member for Great Yarmouth set out well the detailed concerns of his constituents, and gave some significant case studies—examples of the difficulties created for some of his constituents. There is strong local cross-party opposition to the closure of Havenbridge house. I have been in touch with Brandon Lewis, the Conservative parliamentary candidate for Great Yarmouth, who has been heavily involved in opposing the proposals for some time. He has made representations to the shadow Chief Secretary to the Treasury, my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond), who visited Great Yarmouth a week or so ago. I do not know whether the Minister has had an opportunity to meet representatives of the Public and Commercial Services Union in Great Yarmouth and discuss the proposals with them, but if he has not done so I suggest he should visit Brandon Lewis's website, on which there is a video of an interview with Lee Sutton of PCS and a clip from a public meeting that Mr. Lewis attended with employees at Havenbridge house. There is agreement across the board in Great Yarmouth about the damage that may well be done.

No Government or putative Government would rule out ever making any office closures or staff cuts. However, there are questions that the Minister should address, many of which have been raised during the debate. I want to highlight three areas on which I would be grateful for a response from the Minister. Some of them have already been touched on. First, how much will be saved by the consolidation of offices? The consolidation and closure of offices is part of HMRC's transformation plan. The National Audit Office considered the process and published a report in July, but the figures for March 2008 stated that of the £2.4 billion of savings that it was hoped to achieve, the benefits were largely from programmes that were under way when the transformation programme began. Since last year there have been significant changes in property values. It would be helpful if the Minister were to give the House some details of the impact that changes in property prices will have made; I suspect that the savings may have been reduced as a consequence. It would help if we were to be kept fully informed.

My second point is that HMRC faces various initiatives, such as reorganisation, office closures, staff movement and so on, and they appear to be having a significant impact on staff morale. I have met many HMRC employees and trade union representatives during the past year or so, and there is no doubt—I think that the Government recognise the fact—that HMRC has a problem with staff morale.

I shall highlight two sets of figures, which I know that the Minister will be aware of as he gave them to me in answer to parliamentary questions. Many hon. Members, including the hon. Member for Great Yarmouth, said that experienced and skilled staff were being lost. Staff turnover at HMRC is 8.77 per cent. overall. In contact centres, it is an astonishing 15.76 per cent. The figures for sick leave, too, are striking. The average is 10.37 days a year; at contact centres, it is 17.45 days a year. Those figures raise a number of questions, but they are certainly indicative of a failure in staff morale.

My next point relates to taxpayer contact with HMRC. Much of our debate has focused on the concerns of employees—understandably so—but what about the quality of service being provided to the taxpayer? Will the office closures and staff reductions have an impact on that? We should remember that the tax system has been moving towards self-assessment; and the past 10 to 12 years has seen the introduction of the tax credit system, which imposes considerable demands on claimants and HMRC. It could be argued that greater self-assessment, tax credit claims and so on will result in the need for a more face-to-face service, with more people needing to meet HMRC staff in order to deal with their tax.

**Mr. Anthony Wright:** I agree wholeheartedly with the hon. Gentleman. Is he suggesting that the Conservative party manifesto will propose an increase in public-sector jobs rather than what we have been hearing for a number of months—billions of pounds-worth of cuts in the public sector?

**Mr. Gauke:** In this part of my speech, I am relying heavily on representations that I have received from the low incomes tax reform group of the Chartered Institute of Taxation. I question whether the reforms of HMRC are being done in the most efficient way. In representations to me, the group said that

> "by diverting resources away from front-line services, HMRC are not only making life more difficult for unrepresented customers at a time when the tax system is becoming at once more complex and more unforgiving of error, but also creating the necessity for more expensive interventions into taxpayers' affairs. Alternative ways of contacting HMRC do not always work well, and exclude a considerable proportion of the taxpaying population who find the telephone or the internet beyond their skills."

What assessment have the Government made of the reforms? Do they accept that services are being transferred away from the front line, and do they consider that to be the best way for HMRC to be managed?

**Mr. Wright:** I agree with the hon. Gentleman. The one thing that we have done wrong is to remove front-line services; as a result, jobs have gone in the Department for Work and Pensions and in other areas. Over the past two and a half or three years I have been working extremely hard on the consultation, and I have come to know many of those in HMRC who work with individuals. It is clear and apparent that we need to increase the number of face-to-face contacts rather than diminish them. I merely ask whether the Conservative party spokesman agrees with that point of view. Is it his party's policy to increase front-line services in the public sector, and specifically within HMRC, should the opportunity arise?

**Mr. Gauke:** I appreciate what the hon. Gentleman says, but I believe that HMRC needs to be more efficient and more effective. The professional bodies are concerned that HMRC is not becoming more effective, and that problems are being stored up for later intervention. That is the point that I wish to put to the Minister.

A number of helpful points have been raised in the course of this morning's discussion. It was useful for the House to have had this debate, and I am grateful to the hon. Gentleman for initiating it. I want to give the Minister as much time as possible, to enable him to respond, but it is perfectly legitimate to ask serious questions about the effectiveness of the proposals.

10.46 am

**The Financial Secretary to the Treasury (Mr. Stephen Timms):** I congratulate my hon. Friend the Member for Great Yarmouth (Mr. Wright) on securing this debate and on the consistent and determined way in which he has defended his local tax office. I have not heard of anyone with a name like Mr. Brandon Lewis speaking on the subject. However, I am pleased to have the chance to respond to the points that have been made. I shall set out the rationale behind the exercise, but before doing so, I shall comment on what my hon. Friend said when highlighting the issues that face individual members of staff.

HMRC exists for taxpayers. It has to provide its service in the most efficient way. I shall set out later why it needs to restructure in order to become more efficient, but not the least reason is that it has to deal with the big challenges of tax evasion that have been mentioned today, as well as other challenges. It also needs to plan its office structure to suit its new business models. Many private sector organisations would expect staff to move to where the work is; in contrast, HMRC has gone to great lengths to work with staff, taking personal circumstances into account whenever it can. However, HMRC has to keep those office buildings that are the most useful to it from the business point of view.

My hon. Friend and others made the point that now is a difficult time for staff in any office that is to be closed. I put it on that record that what is proposed is not a reflection of the performance of those staff. Most HMRC staff, particularly those in smaller towns, have a large amount of valuable experience, which is why staff are being asked to move with their work, whenever that it is possible.

Throughout the programme, senior HMRC management have been, and continue to be, committed to being open with staff, explaining the options to individuals and exploring how their expectations can be matched with the need to make business operations more efficient. After decisions are announced, individual staff members have the opportunity to discuss their personal circumstances with managers and to determine their suitability for relocation. That is backed, as it should be, by a trade union-supported appeals process.

In making those judgments, HMRC takes account of personal circumstances, such as the caring responsibilities rightly mentioned by my hon. Friend, as far as is possible, given the constraints of the need to rationalise the office network. HMRC will provide staff with as much flexibility as it can—for example, by allowing a change to working patterns, provided that it meets the needs of its business—but I cannot give my hon. Friend the assurance that no member of staff will be inconvenienced by the changes. None the less, a great deal is being done to minimise the difficulties.

**Mr. Anthony Wright:** We are not talking about an individual member of staff; I know of dozens of members of staff who are finding things extremely difficult. I can understand perhaps that one or two might fall through the net, but about 30 or 40 per cent. of the 135-strong work force at Havenbridge house are going to find things extremely difficult. Multiply that across every other constituency, and we have a considerable number of people who will be given no alternative but to lose their jobs. They have not been taken into account. Will the Government not admit that they have got this wrong? Perhaps we should review the estate and make savings there.

**Mr. Timms:** I think that the circumstances of 103 members of staff at Great Yarmouth are being looked at. HMRC is considering how best to accommodate those who cannot move with their existing business while continuing to do appropriate work. A range of options and support is being offered including, for example, redeployment to another business stream in HMRC within reasonable daily travelling distance, assisted home moves for staff to fill posts elsewhere in the Department, a public sector release scheme that offers grants to staff leaving for other front-line public sector jobs and, where available, moves to other Departments.

In January, HMRC signed an agreement with the Department for Work and Pensions. For reasons that we all understand, Jobcentre Plus needs to recruit additional staff. Until a solution can be found, work will continue to be fed back to staff in this position. HMRC is phasing the closure of buildings by partial vacations, which will help to achieve some financial savings, and to accommodate in the interim those staff who cannot move for the types of reason set out by my hon. Friend. The work of reviewing the position of each member of staff will be complete by the end of the month, and it should then be possible to be much clearer about the likely time scale for individual offices to remain open, given our determination to minimise, or preferably avoid, compulsory redundancies. Staff at Great Yarmouth have been told that the office will close by spring next year, but it is pretty clear—he drew attention to some of the reasons—that a number of staff will continue to work in the Great Yarmouth office well after that. As I said, however, details should become clearer next month.

I understand the strength of the concerns expressed by my hon. Friend and others, but I would like to set out the context of the work force change programme. We have long challenged—I know that my hon. Friend supports this—all Departments to increase their effectiveness while making significant efficiency savings. In HMRC, as elsewhere, that can be done only by making radical changes. That was a key reason behind the merger of the two former Departments—Inland Revenue and Customs and Excise—in 2005. The merger was designed to create efficiencies by cutting out the duplication of function and effort. Was that an easy change to make? The hon. Member for Rochford and Southend, East (James Duddridge) criticised the way in which that merger has worked out. It is true that these are difficult changes to bring about, but if our aim is to have the most efficient possible delivery of public service, that is the sort of change that we must be willing to make and we must ensure that it succeeds. We are now enabling the combined organisation to reduce the size of its office network. HMRC recognised from the start that it would have to set itself up on national business lines to achieve the benefits of integration and to be in a position to respond more quickly and effectively to changing demands.

The old Inland Revenue was a geographically-based regional organisation, and it was clear from the start that that was not an appropriate way of organising HMRC, which inherited two separate office networks comprising nearly 600 office buildings across the UK.

*[Mr. Timms]*

The former Inland Revenue's network of small local offices had developed historically to meet the needs of local employers and taxpayers. Originally, most local offices had a local customer base, but even before the merger that had largely ceased to be the case. The old idea of a local tax office simply serving the local community has long been obsolete.

**Dr. Gibson:** I want to cut through some of the information that the Minister has provided. What is the difference in rent between offices in Norwich, where it is proposed that people from Great Yarmouth will be housed, and those elsewhere? When will we know? Is he in possession of a document containing such information, or must we use the Freedom of Information Act 2000?

**Mr. Timms:** I am grateful to my hon. Friend for raising that point, because the exercise is not about simply finding the cheapest offices in the country. That has been a serious misunderstanding throughout this debate. The question for HMRC is: how best can it organise its business to deal, for example, with the challenges of tax evasion? That is not about finding the cheapest possible office space in the country. That has not been a driving consideration.

For a long time now, we have not had local tax offices whose job it is just to serve the local community. Thirty years ago, work on pay-as-you-earn for those working in London was moved out into large regional centres. That did not damage customer service, because PAYE work does not require local knowledge, and nor does the other high-volume processing work that HMRC is concentrating in a much smaller number of large units. Most staff in local offices, therefore, do not have regular contact with local customers. An increasing number of people prefer to do business with HMRC by telephone or over the internet.

In response to the question from the hon. Member for South-West Hertfordshire (Mr. Gauke), some taxpayers and claimants—tax-credit claimants, for example—want the reassurance of being able to call in to a local enquiry centre, and they must continue to have that opportunity. Inquiry centre services, where people can get free face-to-face advice, will continue to be provided at or near all their current locations, including in Great Yarmouth. In the current economic climate, which has been referred to in this debate, it is more important than ever that HMRC uses its resources to best effect. The Conservative party argues that £5 billion should be cut from public spending, with effect from next month, but that is an extremely ill-advised policy. We must continue to improve customer services while managing costs downward. One way to do that is to consolidate teams of staff in particular businesses into a smaller number of locations. That can introduce new and more effective working practices, resulting in more work done by the same number of staff.

HMRC has to achieve efficiency savings that roughly equate to a reduction in staff of about 25,000 between 2004 and 2011. Very substantial staff savings—down from 105,000 to 89,000—have been made already without any compulsory redundancies. Furthermore, it was clear that 40 per cent. of the office space with which the organisation started would no longer be needed by 2011-12. For example, the office in Great Yarmouth can accommodate more than 250 people, but it currently houses just over 100. We need to manage the process of ensuring that the organisation has the necessary office space to do its job.

**Mr. Hoyle:** Will the Minister meet the Lancashire Members?

**Mr. Timms:** I am very happy to talk to my hon. Friend about a possible meeting. What I will not do, however, is give hon. Members the impression that these things might change.

## Abusive Images (Internet)

11 am

**Judy Mallaber** (Amber Valley) (Lab): I am delighted to have secured this debate on abusive images on the internet. The internet opens a window on the world in a wonderful way, enabling us to find information and communicate with others, but we must be vigilant about the ways in which it can be misused. I shall focus on three areas today and ask the Minister to crack down further on access to images of child abuse on the net; to put pressure on the social networking sites to take down and monitor proactively disturbing videos; and to continue to promote the education of young people about safety on the net.

A huge amount of work on all those matters has been done in the UK by Government, internet service providers, children's charities and the police. I pay tribute to all of them and to the Child Exploitation and Online Protection Centre. I am delighted that my hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing is to reply to the debate, as he did a massive amount of excellent work when he had direct responsibility for policy in this area. I also thank John Carr, secretary of the Children's Charities' Coalition on Internet Safety, who first alerted me to the issues and briefed me for this debate.

First, I come to images of child abuse. In my own area and elsewhere, we have people who use the internet to download thousands, or even tens of thousands, of images of child abuse. Recently in my patch, a GP was convicted of such a crime—the second such case in my area. Each image of child abuse represents a real child or a baby being raped or otherwise abused. The crime is not one of someone innocently looking at a Lolita-type image. The Internet Watch Foundation tells me that half the images uncovered are of children under 10 and more than half depict the worst categories of abuse, which makes it almost impossible for any normal human being to watch. The idea of someone downloading the image of a baby being raped for their sick gratification is extraordinary.

The UK has an exemplary record on dealing with child abuse images on the internet. We can all feel justly proud that no other democracy in the world can match our achievements. Many other countries are copying the British approach and, as we know, imitation is the sincerest form of flattery.

When records of such images first started to be kept in the late 1990s, something like 19 per cent. of all the child abuse images found on the internet in the UK were also being published by servers physically located in the UK. Today, that proportion has gone down to around 0.2 per cent., which is a fantastic success. That is in no small part due to the work of the IWF, which was founded in 1996 by the internet service providers.

For those who do not know the history behind that development—I know that my hon. Friend the Minister does—I will explain how the system works. The IWF receives a report of an alleged illegal image. The staff look at the image and if they confirm that it is illegal and it is housed on a server within the UK, a notice is issued to the UK host and the police. No UK ISP has ever been prosecuted for child pornography offences because they all act immediately to remove such images the instant they receive a notice from the IWF. British ISPs also block the Usernet newsgroups of which they are notified by IWF when abusive images keep reappearing.

To eliminate nearly all abusive images on servers hosted in the UK is a great success, but the other 99 per cent. plus of child abuse images reside on overseas servers in which the IWF writ does not run. The local police may be notified, but whether or not action is taken depends on the way in which the police operate, on the systems in those countries and on the speed of response. Child abuse websites hosted overseas are available via the world wide web to anyone anywhere in the world, so they are available to UK residents to download. That in turn puts UK children at risk, because a proportion of the people who download such images are likely to go on to act out in real life some of the sexual fantasies involving children that have been fuelled by those images. Do not think that such people just look at those images, appalling though that is.

At the Derbyshire safeguarding children board annual meeting last Friday, Jim Gamble from CEOP discussed some recent research, which may not have yet been published. Of those sent to prison for downloading child abuse images, only 26 per cent. said that they had been involved in a contact offence. Obviously that is bad enough, but when they were re-interviewed using polygraphs, 90 per cent. were found to have gone on to engage in contact offences. Therefore, they had committed offences both online and offline.

The problem is not just that someone might go on to commit contact offences, but that the trade in such images puts UK children at risk of abuse. By definition, those images are evidence of a crime that has been committed against the child depicted in the image. Every re-publication of the image is, in a sense, a way of re-abusing the child. Very often, people say, "Why are you taking action against people who are just downloading and looking at images?" They do not understand the seriousness of the crime. The crime is one of children and babies being abused and raped solely for profit and sexual gratification, and that is just unbelievably appalling.

It is very difficult to identify and locate those children. Interpol says that it has identified and rescued 900 children, but many more are out there being abused to service the trade. Anyone who downloads such disgusting images is contributing very directly to keeping in business a commercial trade that is often run by organised criminal gangs. Moreover, they are ensuring the continuation of other methods which may not involve criminal gangs but which involve the trade in images of children being abused. They are directly contributing to the abuse of the children shown in the images; they are abusers by proxy.

Many of us have been considering better ways to disrupt and reduce the traffic in child abuse images. In 2004, in Prime Minister's questions, I was able to welcome the steps taken by BT to develop its cleanfeed technology. It showed how it could take the IWF's list of known child abuse websites and use the cleanfeed system to block access by all its customers in those sites. Anyone using cleanfeed technology to access the internet would not be able to access any of the sites notified by the IWF, including those hosted overseas from which most of the images come. Obviously, such a system is not foolproof, but it clearly has limited hugely and prevented a range of illegal and accidental access.

*[Judy Mallaber]*

In April 2006, the Government, in the form of my hon. Friend the Minister, said that they wanted all internet service providers voluntarily to adopt a cleanfeed system, enabling them to envisage a time when 100 per cent. of UK-based ISPs were doing their bit to reduce the volume of images being traded over the internet. The Government gave the industry until 31 December 2007 to come into line with that policy, adding that if providers were not willing to do that, "other means" would be considered to secure that end. The matter has been considered at various times since then. The Internet Services Providers Association told me that it has discussed with some providers the difficulties of such a measure. None the less, the providers have now had 18 months in which to get their house in order.

In an answer to a parliamentary question last month, tabled by my hon. Friend the Member for Luton, South (Margaret Moran), who has been very involved in this issue, the Government confirmed that only 95 per cent. of UK households with broadband connections belonged to ISPs that use the technology to block images. That sounds like a great success, and I applaud it. None the less, that 5 per cent. difference means that nearly three-quarters of a million UK households with broadband connections still have unfettered access to the child abuse websites. That is too many, and I hope that Minister will say what we can do now to crack down on those last few ISPs that are not taking the matter seriously and honouring the pledge to clamp down on this evil and appalling trade. Self-regulation has clearly not worked. It is no good having a code that says it can be ignored. The time has come for action.

I have been approached by the ISPA and the IWF, who say that some small firms may have some technical difficulties. To be frank, however, car producers who say, "I am unable to fit a brake system in the car that I am producing," are not allowed to produce cars. The onus is on us, the trade and the industry to find ways to enable companies that say they have problems to block access to the images. It is not acceptable for ISPs to allow households access to those evil and abusive images. The ISPs that have taken action should be annoyed about those that have not done so. If 100 per cent. of ISPs do not take action, the pressure for legislation will become irresistible. I hope that the Minister will say that we will crack down on ISPs that have not taken such action.

The trade in these images is evil. I could not bear even to look at them, so I applaud those who do so on behalf of our society. The IWF and others look at those images and take action with the police and service providers to stop people carrying on that evil and appalling trade, which causes so many children and babies to be abused in the most horrendous way. The time has come to crack down on that last remaining group so that the UK can have a really proud record of saying, "We stop our citizens from being able to access those images."

I want to raise a couple of other related issues, the first of which concerns disturbing videos on social networking sites. The *Derby Evening Telegraph*, one of my local papers, uncovered videos posted on YouTube including videos of attacks by teenagers on youngsters in Belper, dangerous stunts by young drivers in Derby, animal cruelty and dog fighting. A recent BBC radio documentary stated that 90 young people have received police cautions because of images of themselves that they have posted on the net. Some social networking sites, including MySpace, proactively monitor their sites to take down disturbing videos, but YouTube, which is part of Google, and others just wait for complaints, saying that it is too difficult to proactively monitor their sites. To be frank, a person who enjoys watching such videos is hardly going to complain and ask for the sites to be taken down.

Those sites are not taking action despite Home Office guidance for social networking sites issued in 2008, following recommendations made by the clinical psychologist, Dr. Tanya Byron, who was directly commissioned by the Prime Minister to look at how children could use the net safely and avert risks and dangers. Her recommendations were endorsed by the Select Committee on Culture, Media and Sport, so there is a lot of force behind the idea that social networking sites have a responsibility to look at what is being posted and to take action to take down unacceptable sites.

The new UK Council on Child Internet Safety, which was recommended by Dr. Byron, has now had two meetings. It will look at social networking sites and some of the mechanics of taking action. However, I take this opportunity to say to YouTube and other social networking sites, "You have to take your responsibilities seriously. You have a responsibility to the many people that use your sites to ensure that they are used responsibly." Again, I ask the Minister to take that on board and to continue to put pressure on such sites to follow UKCCIS's advice. Sites should take on board the recommendation that they proactively monitor sites and take down those that are not acceptable.

That leads me to touch briefly on the question of the education of young people and their parents in how to use the net safely. The internet is an incredibly exciting place, but it should also be treated as an open space, like a park. We must learn how to avoid dangers and take sensible precautions against those who would do us harm. They could be strangers posing as friends—the CEOP site has a very graphic demonstration of somebody talking to somebody, another child, talking to somebody else, another child, talking to somebody else, who seems like a child but is in fact a 30-year-old man. People do not know to whom they are talking on the net, so they do not know whether people are merely posing as friends. We need to know how to deal with bullying on the net, which is common, and how to ensure that people do not post images of themselves on the net that will come back to haunt them, say, in a job interview 20 years later, or because people have seen embarrassing pictures.

I assume that the 90 young people who, I am horrified to hear, have police cautions, posted images of themselves in sexually provocative poses on the net, and that they are very young people. Clearly, they would not have cautions if the images were not classified as illegal. They will have been child abuse images or child pornography images, if we want to use that phrase. If social networking sites proactively monitored their content, they could ensure either that clearly illegal images did not go up, or that they were taken down straight away. Obviously, that raises the question of how to ensure that young

people are not foolish and that they know how to use the net, what is acceptable and how to stop themselves getting into real danger.

I was delighted that the Derbyshire safeguarding children board conference last Friday had Jim Gamble as a speaker. He talked about how CEOP's website contains advice for children and their parents on how to work safely. I was also delighted that 140 social workers and teachers in Derbyshire have been trained by CEOP to go into schools to talk to children about how to behave safely when using the net.

For the great majority of youngsters, use of the internet and social networking sites will be perfectly safe and enjoyable. We do not want to be damp squibs or to pour scorn on the internet and say that it is dangerous, appalling and awful and that people should not ever use it. However, just as people take some care when they walk around in the real world, so they need to take care when moving around on the net. Following a few simple rules we can ensure that the internet is a place where young people can enjoy themselves safely. I am sure that the Minister and his colleagues will continue to promote the education of young people and their parents in how to use the net safely.

These are the three things that we should be doing: cracking down on child abuse images; cracking down on social networking sites and ensuring that they act responsibly and monitor what is on their sites; and ensuring that young children are educated. We need to ensure that the internet is indeed a wonderful place, and not a place where all sorts of dangers and uncomfortable things lurk.

11.18 am

**The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker):** I congratulate my hon. Friend the Member for Amber Valley (Judy Mallaber) on securing this hugely important debate. I pay tribute to her work with John Carr, who has done an excellent job, and many other people in highlighting this matter. She has not simply come to it in the past couple of weeks, but has worked on it dedicatedly and passionately for a number of years. People should be aware that if it was not for the campaigning that she and a number of other hon. Members have done, notwithstanding the challenges that she has made this morning, we would be far behind where we are now. I want to put that on the record. Sincerely and genuinely, children are safe today who would not have been but for the actions of such people.

I will address my hon. Friend's points as I go on, but to reassure her, the Government want 100 per cent. blocking and we will consider legislating for it. We believe that the companies responsible for social networking sites have a responsibility to monitor and act proactively to ensure that the sites conform to the various codes that have been produced.

We also believe that the role of parents is crucial. They should know what is happening in their child's bedroom with respect to the internet. We want to encourage parents to take responsibility for that, as many do. The education of children themselves is also hugely important. I reassure my hon. Friend on all the direct questions that she raised. Blocking in particular is something that we will be taking forward proactively.

We are appalled by the continuing misuse of the internet to distribute images of child sexual abuse. They are not virtual images of fictional activity; they are images of real children being abused, whether in the UK or elsewhere. We are fully committed to tackling the creation, sale and possession of such images. As most people already know, for a substantial period of time the UK has completely prohibited the production, possession and distribution of images of child sexual abuse.

Shortly after use of the internet became widespread, it was recognised that it was being misused to spread such images. The UK industry responded in 1996 by setting up the Internet Watch Foundation to operate the world's first dedicated hotline for reporting images of child sexual abuse. With the support of industry, Government and law enforcement, the IWF has been very successful in tackling hosting of such images in the UK.

As a result of that partnership approach, the percentage of child sexual abuse content reported to the IWF or found by the IWF to be hosted in the UK has been reduced from approximately 18 per cent. in 1997 to less than 1 per cent. now. That means that sexually abusive images of children are primarily hosted abroad. To protect UK users from inadvertent exposure to such content, the IWF also facilitated an industry-led initiative by blocking access to it through the provision of a dynamic list of child sexual abuse internet addresses. I draw to the House's attention the fact that the UK internet industry was the first in Europe to commit voluntarily to blocking access to such images. We should recognise that the vast majority of the industry has joined together responsibly to do so. The process is now being considered and recommended in countries all over Europe and elsewhere.

As my hon. Friend pointed out, 95 per cent. of our broadband services use the blocking list. I am grateful to the industry members whose efforts have contributed to its success for their continued support for the Internet Watch Foundation. However, the Government are committed to achieving a target of 100 per cent. blocking on all commercial networks. At a Child Exploitation and Online Protection Centre conference last week, the Home Secretary made it clear that we want the target to be met and that we are happy to discuss with the industry any genuine issues that need to be resolved to see how we can help. If that approach does not work, we are considering a number of other options, including legislation if necessary. We hope it will not come to that, but if more formal regulation is needed, we will consider it.

**Judy Mallaber:** Has any time scale been put on that process? The industry has had 18 months and most internet service providers have gone along with it. Does my hon. Friend have any idea how long we will give them to come back with their problems and discussions before taking more drastic action?

**Mr. Coaker:** We said originally that it should be by the end of 2007, as my hon. Friend is aware. We thought it appropriate to wait a year or so to see whether we could meet the target voluntarily and tell the industry that we need it to do so. The issue will not go away. We will now take it forward much more proactively to address the problem and resolve the issues. As she said,

*[Mr. Coaker]*

the industry says that it is having problems, but to the public, access is available to abusive images of the vilest kind, which none of us wants to see.

One of the ways in which the Government have responded to the issue is by setting up CEOP, one of the first such centres in the world. CEOP has had marked success in targeting online predators and in forming crucial partnerships with international law enforcement agencies, meaning that the UK continues to be recognised as a world leader in serious online protection. I pay tribute to the work of Jim Gamble and all the people at CEOP.

The Government have never been complacent about the potential threat to children from those who would seek to harm them online. We have been active on the issue for a considerable time. As a result of a recommendation by the Home Secretary's taskforce, we introduced an offence of grooming in the Sexual Offences Act 2003, which makes it an offence to communicate with a child and arrange to meet them for sexual purposes. Again, we were the first country in Europe to introduce such an offence. Other countries have now introduced or are considering introducing similar offences. Only a few weeks ago, four and a half years after the introduction of the offence in the UK, the European Parliament recommended that all European Community members do so.

**Judy Mallaber:** Another issue raised by Jim Gamble at the conference on Friday was the need to ensure that all sites have a clear and easily available child abuse alert button, so that if a child feels that something is going on that they are not comfortable with, they can press the button and be put through to the appropriate agency to report it. I know that a number of sites have such buttons. Will my hon. Friend ensure that point is taken on board so that there is consistency and all available sites have such a facility for children to report abuse?

**Mr. Coaker:** Again, my hon. Friend knows that CEOP has been campaigning for the provision of a "report abuse" button on social networking and other sites. We have encouraged it, and a number of companies, including social networking sites, are now providing such buttons. We wish to see their number increase, and we are actively pursuing that with CEOP.

As well as law enforcement, CEOP has been successful in its educational initiatives. Its educational programmes have now been delivered to more than 3 million children in schools around the UK. That is another way in which we can protect young people from harm on the internet.

In April 2008, Dr. Tanya Byron published her report "Safer Children in a Digital World", and the Government accepted all her recommendations in full. In September last year, we launched UKCCIS, the UK Council for Child Internet Safety, a key Byron recommendation that brings together industry, charities, law enforcement and Government to help protect children online. I would like to put on record my personal thanks to Dr. Tanya Byron for her excellent work.

The council will consider issues such as social networking sites and how to ensure that harmful and inappropriate content can be kept away from children, and it will work with content hosts to establish an independently monitored, voluntary code of practice for the moderation of user-generated content. Sites will be encouraged to sign up to specific, public commitments on how long they will take to remove content violating their acceptable use policies after it has been reported to them.

Through UKCCIS, the Government will raise awareness of e-safety issues through a public awareness campaign targeting parents and children as part of a £9 million investment. We will also implement sustainable education and children's service initiatives to improve e-safety skills in children and parents. The initiatives will promote the use of filtering software, particularly the British Standards Institution kitemark launched in April last year. The Government strongly support the kitemark and encourage companies to apply for it.

My hon. Friend is right that we have led the way on the issue. There is a lot more to do. We want the 100 per cent. target to be met. We want more action to be taken across borders in Europe, the United States and other countries so that we can work together globally to tackle the movement of such appalling imagery across networks. The fact that it is not hosted in the UK is a cause for great celebration for us, but we know that it is still accessible on sites hosted overseas. That is of concern to us, and we need to continue to work together to address it. My hon. Friend is right. It is a priority for us all.

11.30 am

*Sitting suspended.*

## Christianity in Public Life

2.30 pm

**Andrew Selous** (South-West Bedfordshire) (Con): It is a pleasure to serve under your chairmanship, Mr. Caton. I am grateful to Mr. Speaker for granting me this debate and to colleagues from all parties who have come this afternoon. I am also grateful to the Minister, as I have had some conversations with his office, which I hope will be helpful, to explain my approach. This certainly is not a party political matter, and I am sure that we will conduct the debate in that spirit.

My main reason for securing the debate is to celebrate and put on record the incredible contribution of the Christian community to the life of our country in every one of the 646 constituencies, particularly the work that it does to serve the poorest, the most vulnerable and those in the greatest need. We do not always recognise that work enough, so the debate gives us an opportunity to celebrate it and to say thank you to the many people who do fantastic work, without which we, as Members of Parliament, know our constituencies would be worse off.

It is a given for me that we are a country of many faiths, that some people have no faith, and that quite a lot of people are somewhere in the middle—perhaps searching or having a greater or lesser degree of faith at different points in their life. I have no problem with that. Occasionally, it is said that we are a secular society; some people would like that to be the case, but I do not think that is an accurate description of the UK in 2009. I would say that we are a diverse society, made up of the groups that I have mentioned. There are some who would like faith, including the Christian faith, to be an entirely private matter that is practised at home and that is left at the front door when one goes out to work, especially if one has anything to do with public life. I dispute that position and want to state a contrary view, but will do so very much in the spirit of considering the contribution that people of faith make to the life of our country.

The BBC recently undertook a poll that seemed to show quite widespread public support for the notion that I am expressing. A quote from the BBC's report on the poll caught my eye. It said:

"Many Muslims, Hindus, Sikhs and members of other minority religious groups would rather have a Christian-based framework to national life, than one that is entirely secular."

Sometimes, when we consider these matters, we worry about privileging one faith over another, but more important is finding a framework in which we can all co-exist happily. The Church of England, which happens to be our established Church, produced an interesting report last June in which it claimed to take only "a place" in public life in this country. I and many others are entirely happy with that: we are not seeking a dominant position or special favours; we merely want to be at the table when it comes to working in communities and engaging with local and central Government.

When I asked the Library to look at the extent of Christian involvement in the charitable sector, I found out that there are more than 15,000 Christian charities in this country, which is a fantastic number. I also found out that more people do unpaid work for Church organisations than for any other organisation. Indeed, 8 per cent. of all adults undertake voluntary work for Church organisations, while 16 per cent. of adults belong to a religious or Church organisation. The report, "Charity Market Monitor", has estimated that 18 per cent. of all income that was raised by charities in 2006-07 was raised by faith-based charities. That was the second-highest proportion for a generic group, behind health charities. Those facts are worth putting on the record.

I am sure that the Minister is aware that his Department partly sponsored the excellent report, "Faith in Wales: Counting for Communities". There is one Welsh MP present—the hon. Member for Ceredigion (Mark Williams); perhaps he has read the report and will have a chance to express the view from Wales later. The report, which has been endorsed by the Welsh Assembly First Minister, who is from the Labour party, celebrated the fact that the faith communities in Wales contribute an estimated £102 million to the economy. If that figure is extrapolated to apply to the UK as a whole, the total is £2 billion.

In work on poverty and social exclusion, the UK Christian community has an effect beyond these shores, as well as within them. During the huge protests in Edinburgh before the G8 summit at Gleneagles, a significant proportion of the people who went up there and challenged the Government—indeed, all politicians—on those issues were from different Churches in the Christian community. There will also have been people of all faiths and of none, but a significant proportion of the people there were Christians. I know that the Government welcomed that pressure, as all politicians welcome pressure on issues that we want to progress. That is significant.

**Sir Alan Beith** (Berwick-upon-Tweed) (LD): The hon. Gentleman is making a very interesting speech and I strongly agree with what he is saying. I agree particularly with what he has just said, because it is a departure from times past, when quite senior people in the Conservative party said that the Church must keep out of politics, as though it should have nothing prophetic to say about the issues on which he has rightly commented. I welcome his remarks.

**Andrew Selous:** I am grateful to right hon. Gentleman for that intervention. I think that there will always be a tension between faiths and Governments of all parties. They are not supposed always to have a perfect relationship, but perhaps that is a reflection of the Church's prophetic role, as he put it. I have no difficulty with that; we are grown up, and we can accept differences of opinion.

**Mr. Edward Leigh** (Gainsborough) (Con): There is also a view, is there not, that politicians should keep out of the Church and out of religion? Was it not rather depressing when the former Prime Minister, Tony Blair, said that he could not talk about religion when he was the Prime Minister for fear of being called a nutter? Is that view changing? The current Prime Minister mentioned the story of the good Samaritan in his speech to Congress, and Delia Smith is doing a blog on the Catholic Fund for Overseas Development website. Does my hon. Friend think that politicians should speak out and talk about their faith in a natural way, as he is doing?

**Andrew Selous:** I understand where my hon. Friend is coming from. I think that he, like me, heard the Bishop of London speak yesterday, when he advocated that

*[Andrew Selous]*

politicians show a degree of reticence about speaking a great deal about their personal inspiration. We lead by example and we should be open about these matters, but that tradition of British reticence has something in it.

Let me return to my central point, which is the contribution of the Christian community to the marginalised and the most disadvantaged. I wonder whether other Members do the same as I do when constituents come to see me on a Friday, having found that their benefit application has not been processed. I say that with the best will in the world and I know that Jobcentre Plus staff work hard, but a family in that position might have no food in the house for the whole weekend. That was a real problem to me when I was a new MP, because I did not know what to do, until someone helpfully pointed out that Salvation Army centres often have food to give out in such circumstances. I am extremely lucky to have in my constituency Salvation Army centres in both Leighton Buzzard and Dunstable, so I know what I can do to help my constituents. A colleague told me today that the Vineyard church does the same in her constituency.

I praise the work of food banks up and down the country. I have had contact with the Trussell Trust, from Salisbury, which also operates in Swindon. It is trying to set up a network of food banks across the country and it happens to be run by a Christian organisation. That sort of work is tremendously valuable. We all accept that there are limits to what the state can or even should do, but that sort of partnership working is critical if we are talking about families who might otherwise go without food on a Friday night.

On work with the homeless, last September I spent some time with the Watford New Hope Trust, an organisation that involves a group of Christians from many different churches in Watford doing the most fantastic work. In the field of criminal justice, I wonder if the Minister is aware of the excellent street pastors initiative? I do not know whether it operates in his constituency, but it is starting to set up in mine. It has some support from the Home Office and I saw in a written answer that it received a small grant. That organisation works closely with police forces across the country.

**Mr. David Burrowes** (Enfield, Southgate) (Con): I congratulate my hon. Friend on securing such an important debate. On the subject of street pastors, he might be aware that yesterday there was a reception for co-ordinators from the initiative. There were 90 representatives of areas from Aberdeen to the Isle of Wight, Chelmsford to Bristol, and all the areas in between. Street pastors is a growing initiative that practises what most people only preach. It shows compassion in action by reaching out to the community, and it produces wonderful results in reducing and helping to drive down crime rates.

**Andrew Selous:** I am grateful to my hon. Friend for that intervention. I want to move on to exactly that point now. That initiative sounds excellent and I hope that street pastors help the police, but what are the results? We now have results from across the country on the operation of street pastors. I understand that within the first 13 weeks of the operation of street pastors in Lewisham, there was a 30 per cent. reduction in street crime. There was a 95 per cent. reduction in street crime in Camberwell—I am not quite sure if something of extra significance happened there that did not happen elsewhere—and a 74 per cent. reduction in Peckham. In Lincoln, during the first six months of the operation of street pastors, there was a 7.5 per cent. reduction in street crime, and in Cardiff, on Fridays when the street pastors operated there was a 13 per cent. fall in violent crime related to drunkenness.

That initiative is doing the most fantastic work. If there is less crime, police resources are freed up and our communities are better places in which to live. I hope that police forces will co-operate with the initiative, because street pastors have a valuable partnership-working role. My hon. Friend and I are pleased to be able to pay tribute to them. As I have said, a group from that initiative is, I hope, about to be set up in my constituency.

In relation to charities, I would like to give some praise to the Cabinet Office because it has done some good work with the faith sector and Christian organisations. The problem that some of the 15,000 Christian charities I mentioned a moment ago find is that when they work at local authority level with local authority officers, who generally do extremely good work, there is sometimes a lack of understanding of where such charities are coming from and their motivation.

The case of a charity in south London that works with single mothers has come to my attention. The charity works with single mothers of all faiths and of no faith. It operates absolutely no discrimination in terms of the services that it provides, but its website contained something about the Christian basis of what it was doing. It therefore received a letter of rejection in response to its application for funds to extend its work with the local authority. The letter stated:

"your assistance for single parents includes extending Christian comfort and offering prayer".

That was the reason for the charity being cut out of any form of funding for its excellent work.

In another case, a woman who was a very successful foster parent to older children was told:

"your beliefs do not allow you to actively promote another religion for a child".

She was therefore not allowed to continue. The last example I shall give is that of a small charity in Norfolk that does useful work in relation to prostitution in that county. Again, that charity felt that it had been discriminated against and has stated that it feels such discrimination comes from

"people who probably have scant knowledge of the Christian faith and principles".

I draw the Minister's attention to a remark that one of his ministerial colleagues—the Financial Secretary to the Treasury—made during a speech to the Institute for Public Policy Research on 29 January 2009. He said that there is

"A challenge to progressive politicians to show they recognise faith-based perspectives and contributions as valid and mainstream, rather than irrelevant and marginal. That means recognising that faith cannot be relegated to the private sphere and—as the IPPR has already argued—addressing faith literacy in central and local government, so that officials can deal intelligently with input

from faith communities And it means thinking hard about identity, recognising the part faith plays, and getting beyond 'We don't do God.'"

**Lembit Öpik** (Montgomeryshire) (LD): I agree with the sentiments expressed by the hon. Gentleman. Is it not ironic that many of the faith-based organisations that operate with no sense of discrimination with regard to the background and viewpoints of the people whom they support are themselves discriminated against? That makes it more difficult for them to do the cross-party and no-party faith activities that, as he said, clearly add so much value to civil life.

**Andrew Selous:** I am delighted to hear that contribution from the hon. Gentleman. I completely agree with what he says. Being a charitable-minded fellow, I think that such discrimination often comes from ignorance. People do not set out to be difficult and to stop the excellent charitable voluntary work of the Christian community across the country. Such discrimination is sometimes just the result of ignorance, which is why I pin great hopes on what the Minister will say today. I hope that he can give some gentle reassurance to many of our excellent colleagues in local government and elsewhere that there is nothing to fear from such organisations and that they simply add greatly to the quality of life of the communities that we in the House are privileged to serve.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): At the start of the hon. Gentleman's speech, he talked about Christians and faith groups helping the marginalised in society. However, the current situation means that Christians themselves and members of other faith groups are being marginalised. On his point about the relationship between those working in faith-based charitable organisations and the public sector, does he agree that the case of Caroline Petrie, who was a nurse suspended for offering to pray for a patient, was appalling? That sort of utter overreaction gives an indication of the values of the public sector and its oversensitivity to these matters.

**Andrew Selous:** I am grateful that the hon. Gentleman has mentioned that. There was also the case of the school receptionist and the debate on what children can say to each other as part of education. There are a number of questions that need to be dealt with. I think that the case he has mentioned had a happy resolution. I do not know the details of what happened in the school, but I hope that an equally sensible solution can be found. I thank him for making that important point.

I shall wind up by making one final point. I was talking to the vicar of a large, growing church in London that does incredible work in all the communities that it serves. He had been dealing with his local authority in relation to a planning application for the church premises. The officer from the local council had asked, "What is the community benefit from enlarging part of your church here?" The vicar told me that the church has 19 ex-offenders in its congregation and only one of those has reoffended. I went to the Library to check the reoffending rates across the United Kingdom for adult and juvenile prisoners, and I understand that the reoffending rates are 46 per cent. for adults and 77 per cent. for juveniles, so there is a pretty obvious answer to that local authority and the people who live in the community where that church is: people are less likely to have their car broken into or their door kicked in on a Saturday night if they have a church doing that sort of work. There are ex-offenders in every community. The example I have given is a small sample and we must not extrapolate too far on the basis of it, but if such work is being done and that sort of data is being collected across the country, that is the community benefit.

I shall draw my remarks to a close now. I am delighted that so many hon. Members have attended the debate and I look forward to receiving reassurance from the Minister on some of the issues I have mentioned.

2.49 pm

**Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): I thank the hon. Member for South-West Bedfordshire (Andrew Selous) for initiating the debate. I am delighted to be able to speak in a debate on Christianity in public life. I am proud to say that I am a Christian. I am a member of the Christian Socialist Movement and I am pleased to say that I am also secretary of the all-party group on Christians in Parliament.

My faith is integral to who I am and is part of who I am. I believe that the endless discussions about secular society are misplaced and that religion and public life remain inextricably linked. The Church and the wider Christian community continue to play an important role in shaping the way in which public policy is discussed and enacted. That can be in respect of what takes place on our own streets as well as far away on other continents.

I want to make two points in this short contribution. First, I wish to rebut the claim that ours is a secular society, and, secondly, I wish to back that up by highlighting the work that God inspires us to undertake, and the contribution that that work collectively makes to society.

We hear a great deal about our multicultural society, some good and some bad. I have always seen myself as living in a Christian country with a multicultural society. The two are not mutually exclusive, and both are good. Our heritage and values as a Christian nation are not only intrinsic to our democracy but are part of our national psyche. Our commitment to fairness and freedom from oppression have their roots in our faith. To my mind, so too does the emergence of our multicultural society. The grace to allow others freedom of expression is the bedrock of such a society, and we must stand up for our heritage and our future by continuing to build inter-faith dialogue.

I attend Eid and Diwali events in my constituency and enjoy celebrating those festivals with the many people for whom they are a happy time of year in which to rejoice. Celebration is common to all of us, and we should share in it wherever possible. It is part of living in a multicultural society, and we should embrace it without ever apologising for being Christians in a Christian country.

Given that not all that long ago our former Prime Minister Tony Blair was told that "We don't do God", this afternoon's debate gives us a welcome chance to speak out about why we should "do" God. I can, of course, understand why that decision was taken. The role of religion in public life is not always a favourable one. Politics driven by faith alone can attract fundamentalism in many guises, none of which are

*[Mrs. Sharon Hodgson]*

welcome, but we should not pander to those who want to silence our voice. Keeping an ear open to the murmurings of middle England, one hears people bemoaning the decline of religion in today's society. Feral youths roam the streets, they say, morals litter the wayside and no one ever sets foot in a church nowadays except to admire the architecture. But should we believe them, especially when there is evidence to the contrary?

Such people tell us that the loss of Christian values has skewed our moral compass and driven our emergence as a secular society, but the facts do not back them up. The statistics show that we are not really living in the secular, faithless society that many wish to portray. The last census revealed that 70 per cent. of Britons would describe themselves as Christian, and that there are more Jedi knights than secularists on our shores. For many Britons, belief is in the bones and cannot be separated from actions, whether public or private. After all, even secularists believe in secularism. That saint of secularism, Richard Dawkins, has acted with vision, passion and conviction to create a platform for his beliefs in a way that many others have done before.

Like it or not, secularists often sing from the same hymn sheet as those whom they seek to silence. Their insistence on the privatisation of religion is as dogmatic as any other creed. If we are to create a public square where all voices are equal, we must accept, when it comes to politics, that those who do not believe in something would find themselves with no opinions and, therefore, nothing to say.

But faith is not just about discourse—it is about action. Christianity can play a key role in acts of social justice, social transformation and social engagement, and we should encourage such actions. A recent article in *The Times* said that "Africa needs God". The article discussed the humanitarian work done in Africa by Christian charities such as World Vision and Tearfund and said that it is largely unparalleled by other organisations.

Closer to home, in my constituency, the Gateshead-based Christian charity Aquila Way provides housing for homeless and vulnerable young women in the borough. I visited the charity in 2006 and was particularly touched by its compassion and desire to help others. The project specifically reaches out to young women who are pregnant or have very young children, and it aims to give them the skills and ongoing support to live independently.

Many churches now run parenting courses and seek to encourage families. Cornerstone is an independent fostering and post-adoption support agency based in the north-east of England. It seeks to place children with Christian families and hopes to provide permanent homes for as many children as possible. That stability is important for many children, and the charity has helped many families in the north-east. Those examples show that the Church is not afraid to engage in challenging, long-term work that makes a real difference to people's lives.

My Christianity forms an integral part of my vision for society and how we view the world around us. When we realise the worth of our religion and its message of compassion and equality, the relevance of Christianity is clear. Of course we need to be careful about how we talk about our faith and the discourse that we use. We need to learn to translate our faith to make it better understood by modern Britain.

A recent poll by the BBC showed that two thirds of Britons believe that the role of religion in public life should be respected. That figure will grow if we can devote our energies to living out our faith through our politics and having a noticeable impact on people's lives. That means conveying our message through tangible action and portraying our vision through the changes that we seek and for which we fight.

I have highlighted just a few ways in which Christians engage in public life. Other hon. Members have mentioned and will mention many more. There is a renewed willingness of politicians and public figures to speak up for our Christian traditions and to allow people to embrace that part of our national identity. We need a living Christianity to carry on in the 21st century.

Let us not lament the absence of faith in society, or even lambast those who promote it. Instead, let us embrace and nurture the potential for growth that a living faith brings to Britain and the world.

**Mr. Martin Caton (in the Chair):** Order. It might be helpful if I say that I have a list of Back-Bench Members who would like to contribute to the debate, and that we will want to start the winding-up speeches at 3.30. If hon. Members can be brief, we will get more speakers in.

2.56 pm

**John Mason** (Glasgow, East) (SNP): I, too, congratulate the hon. Member for South-West Bedfordshire (Andrew Selous) on securing this debate, which I know has been raised in the main Chamber as well. As he said, some would say that Christianity is both personal and private. I, too, would have to disagree with that. Christianity is certainly personal but it cannot be private.

I thought that it might be appropriate to hear what Jesus himself said in Matthew 5:16:

"In the same way, let your light shine before men, that they may see your good deeds and praise your Father in heaven."

The reason that I wanted to use that verse and actually read it out of a Bible is because after my recent election, I was presented with this Bible by the Gideons, who do extremely worthwhile work throughout the country.

Elsewhere, the Bible says that we should always be prepared to give an account for the hope that is in us, but that leaves us with a question: if Jesus wanted us to be up front and public about our faith, how did he see faith and public life relating, and how would he expect the Church to relate to society?

In the sermon on the mount, Jesus said:

"For wide is the gate and broad is the road that leads to destruction, and many enter through it. But small is the gate and narrow the road that leads to life, and only a few find it."

From such passages, it seems that Jesus expected the Church to be a minority group in society. Historically, it has tended to be stronger and to grow more when it has been under pressure. A clear recent example of that is the Church in China. One could argue that, in the world today, the Church is weakest in Europe, where it has generally been accepted by society and has been close to the state. I shall not go so far as to say that I want the Church to be persecuted, even though in the long term that might benefit it, but those of us who follow the Christian faith do not fear being persecuted or imprisoned.

For many years up to the Reformation and since, it was assumed by many that the Church and the state should go hand in hand. At the time of the Reformation,

both main parties, and the likes of Luther, Calvin and so on, assumed that that would continue to be the case. At that time, the relatively small group of Anabaptists who originated in Switzerland, south Germany and the Netherlands held out for a stricter separation of Church and state. They were persecuted for their efforts by both the Protestants and the Catholics, but it is to them that I look today for an example of what we should be doing.

In many ways, it was a mistake for the Church to link up with the state at the time of Constantine. I very much enjoyed the speech by the hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson), although she used the term "Christian country". I would dispute whether such a thing is actually possible, and whether there should ever be Christian countries.

**Sir Alan Beith:** Perhaps the hon. Gentleman should bear in mind that the lineal descendants of the dissident religious groups that he describes are the Amish in the United States of America, who recently experienced a terrible school shooting, which the hon. Gentleman may remember. When the shooting happened, among the volunteer firemen who came to the scene were members of the Amish community. They have preserved a separate relationship but, even to their way of thinking, must sometimes engage with the state to a limited extent. They are remarkable people.

**John Mason:** Yes. We could have a long theological debate. The Amish, the Mennonites and others have taken a more distinct view, but I want to be involved in the life of the Church and of the state. There is a danger that parts of the Church are becoming too separate from society, but it is not the Church as a whole but individual believers who should engage in society.

The state's role should be to treat all people equally, whatever faith they have, or lack. The state should not favour Christianity over other faiths, but secular humanism should not be favoured over those who have faith, and nor should any other faith be favoured over Christianity. The briefing for the debate contains examples of places where Christians are discriminated against, and it could be argued that, because Christianity has enjoyed a favoured place for centuries, it should balance that out by suffering a bit. I confess that there may be some validity in that, because the Church has abused its position in many countries, including this one. However, we must surely want to move to a position whereby the state is even-handed.

Some in the Churches want to return to the old days, with Christianity as the state religion. Others fear that it is no longer possible to have a strong Christian faith in public life. Faith became quite a major issue during my by-election last July, and it was encouraging to find that a number of people realised that it was still possible to be open about one's Christian faith and, first, to be selected by a mainstream party, a category in which I include my party, and, secondly, to be elected by the public.

Since arriving at Westminster, I have been interested in the vestiges of Christianity around the place. For example, there is Prayers at the start of each sitting. Is that a good thing? I have mixed feelings about it. Some attend only to book their seat for whatever business comes next, and I fear that the prayers themselves give a dry and dusty view of Christianity. However, I decided on the spur of the moment to have a prayer at the opening of my constituency office in January. My pastor turned up unexpectedly, and I suddenly thought that I would ask him to pray. The reaction was interesting. One unbelieving friend walked out and argued that it was totally inappropriate, while the guy from the local newspaper thought that it was appropriate. So there we are.

Where should those of us with a Christian faith look for a model of how faith fits into society? Some look to Israel in the Old Testament or even to European society in recent centuries, where the state and the Church were strongly interlinked. However, for those who know the Bible, I suggest that a better model might be Daniel, and others such as Joseph and Mordecai, when God's person was in a fairly hostile environment. Daniel stood out as a light in a dark place, and we as Christians should do the same. We are not Christian believers because we are born in England, Scotland or any other country, any more than somebody born in a coal mine is a piece of coal; every one of us has to make our own personal decision about faith. All I ask from society and the state is that they treat us even-handedly.

3.3 pm

**Mr. David Drew** (Stroud) (Lab/Co-op): I apologise to the hon. Member for South-West Bedfordshire (Andrew Selous) for being late for the start of the debate; I was away with a Select Committee, as I think he knows. I shall be brief, because I want to make only two points.

I welcome the debate. As a Christian, I think that it is important that one tells people of one's faith, because people should register it. I have always found that Christians like to know that one is a Christian, and that people of other faiths and of no faith respect it, too. I can count on the fingers of one hand the number of times I have been attacked. Sadly, it has happened recently, but that is because the battle between secularism and Christianity has created heightened expectations among the latter, and we as Christians must address that.

Like others, including the hon. Member for Glasgow, East (John Mason), I pay due regard to the Christian charities that go places where no other group will go. In my constituency, Marah, which runs a homeless charity, works not only with people who have no home, obviously, but with people who are alcohol or drug dependent, or have other social problems. I have real respect for Marah, because the group does such work day in, day out, and in the most difficult circumstances.

**John Bercow** (Buckingham) (Con): Before the hon. Gentleman moves on to his second, and probably unrelated, point, will he take this opportunity to pay tribute to the quite outstanding international humanitarian and advocacy work undertaken by Christian Solidarity Worldwide, with which he and I are both personally very familiar? If he is inclined to do so, will he also pay tribute to that beacon of hope in an often difficult world, the organisation's south Asia advocacy officer, Ben Rogers, who is a quite remarkable human being?

**Mr. Drew:** I will. Even though we do not agree politically, we both respect Ben and all he does, and I thank my hon. Friend—in this respect—for highlighting what that wonderful organisation does in all parts of

*[Mr. Drew]*

the world. We must recognise that aspect, too, because we are talking about Christianity in public life not just in this country, but in the wider sphere.

I know that my hon. Friend the Minister is not directly responsible for the role of religious buildings in communities, because that has been parked with the Treasury. However, it is worth mentioning their role because it affects communities. We underestimate the fact that a religious building is often the single most important building in many communities. All hon. Members know that we have been arm-wrestling the Treasury for some time on the subject of Anglican churches. I respect the fact that that does not include other denominations, such as Catholicism and non-conformism, or other religions, but we have been trying to arm-wrestle money, or at least tax exemptions, to secure recognition that in many of our communities such buildings are crucial institutions.

Religious buildings are often the last to receive any form of public support, which is quite wrong when they undertake huge amounts of community work. I am quite happy to have the condition laid down that if they receive public money, they should be available to the public. That is what Christian institutions should do anyway; they should reach out to people of all faiths and none, but we cannot allow those cornerstone buildings of our communities to be funded almost literally on a wing and a prayer. Many of them are enormously important in terms of their architectural heritage and their whole being—the way in which communities relate to them and use them—so I hope that my hon. Friend the Minister will chase that up with the Treasury and clarify the issue.

There are three different bids on the table: the Treasury's own analysis, one from the Church of England, and one from English Heritage. I hope that a few heads will be banged together and that we achieve some clarity, because we cannot have Christianity in public life unless we have a place to go to witness it and to talk to people, regardless of whether we do so for a religious purpose. I hope that my hon. Friend will take that as a nudge to talk to the Treasury, as we too often lose such buildings not because other people take them on but because they fall down. They have to be turned into mausoleums, but they are really important buildings, so I hope that my hon. Friend will take on the issue, and that those buildings will become a real edifice for the way in which Christianity functions in our society.

3.9 pm

**Mr. Gary Streeter** (South-West Devon) (Con): I pay tribute to my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) for securing this debate and for his tremendous contribution to the life of the Christian community in the Palace of Westminster day in, day out. He is an example to many of us.

What is the purpose—the point—of Christian involvement in the public square? What do we seek to achieve? The first thing to say is that we do not seek to achieve a theocracy through such engagement. We tried that in the 1650s, and it was a bit of a disaster. We do not want that. Someone once said that the Church is at its worst when it has power, but at its best when it has influence, and I agree. The object is not to take over, but to influence decisions made in the public square according to the principles from scripture that the hon. Member for Glasgow, East (John Mason) read out so effectively earlier.

At least one hon. Member sitting at these tables will agree that Christians do not have a monopoly on compassion or integrity—the hon. Member for Oxford, West and Abingdon (Dr. Harris) did not expect me to say that. Many secular people demonstrate such qualities in abundance; in fact, when I reflect on my 16 years in the House as a fairly overt Christian, I am reminded that some of the most difficult and judgmental people we have to deal with in our constituencies can be Christians, although that is beginning to change. It is important that we, as believers, demonstrate our faith in the way in which we act and speak, because we sometimes let ourselves down.

I believe passionately in believers engaging in public life through the political system, if that is their calling, but the Christian faith is so much bigger than any one party or ideology and cannot be hijacked by any one side and used to poke others in the eye. We need believers in every party, and the Bible is supportive of all the ideologies reflected in this room.

Perhaps my most important point is that the unique thing about Christianity—the reason why it equips us to engage in public life—is that it is not about a book or a doctrine, but about a living person; it is about a journey or a walk with Jesus Christ, not about a set of rules. It cannot become old-fashioned or stuck in the past, because the person we seek to follow is alive and just as involved in and aware of current events as he was 2,000 years ago. Again, I have to say that the Church has not always reflected the fact that we come to a person, not a book or a set of dusty rules, but we are getting a little better at that, too.

I come now to my main point, although I will be brief because others want to speak, and I am particularly keen to hear the hon. Member for Loughborough (Mr. Reed), who speaks eloquently on this subject—no pressure there then, Andy. As has been said, one reason why we should engage in politics is that our faith is the faith of "Love your neighbour", the faith of the good Samaritan and the faith of understanding that every individual is unique and created by God, and therefore special and not to be put on one side or brushed under the carpet as a statistic.

We have heard that many charities throughout the past 200 or 300 years were founded by strong believers and we know that many charities operating in this country are Christian charities. I want to say something to the Minister. The Government and local government are getting better at engaging with faith communities and Christian charities; they are getting better at understanding that the faith motivation that makes such groups successful—that takes them the extra mile and means that they engage with hard-to-reach people and do the work that many other groups do not want to do—must not be squeezed out by Government or council contracts. Authorities want the results, but they do not like the way in which people achieve them.

I totally accept that it is crucial that public money is not used for evangelism, but we must be grown up about that. If Christian organisations get results because of the personal commitment, passion, power and faith

of those involved, it is stupid to engage them to help the most vulnerable while denying them the means to do so by saying, "Ah, but you can't do things that way any longer." I hope that the Minister will reassure us that the Government are aware of that. Of course there are dangers, but I think that the Government are moving on the issue.

**John Bercow:** Like others, my hon. Friend is making an extremely thoughtful and interesting speech. I can well understand and empathise with the concern that he and my hon. Friend the Member for South-West Bedfordshire have expressed about the obstacles that are sometimes put in the way of faith-based groups that seek not to proselytise but to deliver results. However, does he accept that whatever his views about gay sexual practice, for example, it is a bit much for people to say, "As Christians, we are being discriminated by comparison with others"? All that people such as me and the hon. Member for Oxford, West and Abingdon would say is that Christian faith cannot trump an Act of Parliament dealing with human rights, which are universal.

**Mr. Streeter:** If my hon. Friend visits Christian projects in his constituency, as I am sure he does—indeed, I can take him to a few in south-west Devon if he would like to come with me one weekend—he will see that there has been movement on that issue in most Christian work over the past few years. Most Christian charities are open to all comers and want to serve everybody, irrespective of their background or the condition in which they find themselves. There has been a maturing in the Christian Church and the charitable movement in recent times, so my hon. Friend may be a little out of date.

My final point is that we are living through turbulent times. People often talk about getting through the recession and back to normality, but I do not want to go back to the normality that we had in 2007 and the immediately preceding years. I and others want a new normality—we do not want the debt overhang or the rampant materialism that drove us into our present difficult position. Christian principles of more sharing, more community engagement, more sustainability and less addiction to consumer principles and rampant materialism can help to guide us through this stormy period and into a better normality on the other side, rather than just taking us back to what we had in the past.

3.16 pm

**Mr. Andy Reed** (Loughborough) (Lab/Co-op): It is a genuine pleasure to follow my hon. Friend the Member for South-West Devon (Mr. Streeter)—and I do call him my hon. Friend in this case.

I stand here as a Christian. In fact, my hon. Friend and I took part in a meeting this morning. A group of us regularly meet to pray and spend time together. I will not share any confidences, other than to say that my hon. Friend has come a long way, having read "Das Kapital" this week and recognised that Marx predicted the collapse of our international financial system 150 years ago. So there is always room for him on the Labour Benches.

I join my hon. Friend in some of the comments that he has made. I feel a bit like a Liberal because I want to criticise both wings in the current situation, although the danger of being in the middle is that one might get run over by both sides. There is a real problem for the Church. As Christians, we have to find the right role in the public square, but that public square changes over time, and we have not really kept up with those changes.

Just a few months ago, Theos produced a fantastic publication called "Neither Private nor Privileged", and I want to read a quote from it that sums things up and helps us to see where we are. It is from a friend of mine, the American evangelist, Jim Wallace, who says:

> "Christianity is a public religion and nothing is going to change the Christian imperative to public proclamation, public assembly, public action, and, if necessary, public confrontation. However, the precise role that Christianity plays within the public square can and does change."

There is no single model of how that would work. I agree with many hon. Members here in that I would like to see the disestablishment of the Church. It is unhealthy to be part of the state process; it is much healthier if we have a voice outwith the state and are allowed to proclaim and sometimes confront.

Jim Wallace is very clear about that. He was a close adviser of Obama's in the lead-up to the election, but he felt it much better as a Christian leader to be slightly outside the political process as it moves forward so that he can challenge Obama and make him accountable to the many Christians who, through initiatives such as the Matthew 25 Network, have changed their allegiance. There was an idea that a right-wing evangelical alliance was part of the American psyche, and we probably sometimes associate that with the word "evangelical", but things have shifted somewhat, and there is greater recognition of that in America.

Perhaps I can use Daniel's time in a foreign land as a model for our public engagement. I have actually had four days of talking about this, because I spoke at spring harvest about the similarities between Daniel's time in a foreign land and our position in the public square. Our situation is very similar. We are in a foreign land where much of the language that we use is difficult for people to understand. They have difficulty with the way in which we do church, the way in which we profess ourselves and, more often than not, the way in which we interact with this place. I am sure that if I asked hon. Members to put up their hands and say where their worst letters come from, they would say it was from our Christian brothers and sisters, who write to us in the most terse of terms. I can understand why many MPs, and other people, who do not have a faith, are very turned off by that. We are seen by people who do not have a faith as hypocritical, sometimes. I think that Yancey says it in his book on grace. A prostitute he talked to, to whom he suggested it would be a good idea if they went into the local church, said she felt bad enough about herself, and asked why on earth she would want to go in there to be made to feel even worse.

We can hold up examples of fantastic Christian-based projects across the country. I am on the Evangelical Alliance council, and was challenged because there is a new book and some prayer thoughts coming out, to be circulated to churches, with the subtitle "Would anyone in your community notice if your church ceased to exist?" In all the examples that we have heard today, probably people would notice; but let us be honest about what would happen in many places if the church ceased to exist. There would be derelict buildings, as my

*[Mr. Andy Reed]*

hon. Friend the Member for Stroud (Mr. Drew) said, but in reality the community outreach does not happen everywhere. There is a call on us to live in deeds, as James says—it is about our deeds and actions, as much as our proclamation and faith, and the word. It is about making the Bible a living document, not just the written word.

There is great pressure on us, if we are going to ask for a position in the state, to live by what we say we live by. As the hon. Member for South-West Devon says, in the old terminology, which I think is still fairly relevant, each time we stand, we say "What would Jesus do?" It is important for every one of us who carries out our faith to ask what Jesus would do in the same circumstances. We know from the Bible that Jesus would be a bit of a rebel; going into the temple and throwing out the money lenders. Perhaps we should have sent him into the City to throw out the money lenders a little earlier. He would be there, decrying the way we have run society for the past 40 or 50 years. There are many people concerned with simplicity of living who have recognised that for a generation. There has been a shift into green issues; but the Bible has been there for the past 2,000 years, and many Christians have felt deeply what is needed, and have wanted to make it part of the agenda. There is an enormous opportunity for us, but the position must be that the Christian faith is neither private nor privileged. It is a private faith that must be lived out in the public square. We do that by example, not necessarily by just demanding our right to those words, but by our life, and because people want to give us the public square and the ability to say those things. It is fundamental.

As to the problems of fundamentalism and the fundamentalist secularism that I have come across, I have been shocked in the past two or three years in which I have been involved in this debate at how aggressive some of my Christian colleagues can be, and how offputting that can be to others. It is strange, because I get on really well with most of the secularists in my constituency, with whom I have a very healthy debate; but I have also been shocked by aggressive fundamentalism on both wings, which is unhealthy. However, that is what happens in public debates; they are the ones who get attention. In reality, most debates on this issue would be healthy debates, like ours today. If I sit down soon enough to give him his six or seven minutes, the hon. Member for Oxford, West and Abingdon (Dr. Harris) will contribute in a very thoughtful way.

There is much more to say, and I feel passionately about this subject. Christians have an imperative to learn how to use the public square and to proclaim from outside, leading by example. In that way we do not get privilege, but we get a fair deal in the public square, which allows us to profess our faith. It is part of our DNA. It is part of who I am. My Bible notes this morning and yesterday were about the good Samaritan. My conscience was pricked throughout the day by what I read, in the same way as last week's reading of "Das Kapital". Those things are part of who we are, and our faith must be part of who we are. Not to be able to say those things in public would be deeply damaging.

Finally, I do not believe in the sense of Christian tradition. Our faith evolves and reacts to the society we are in. Christians must change with the times to meet growing changes and demands—the way that we do church is a classic example. I could go on for ages about that. We need to find the words to make sure that we live in grace when we act and react in the public square, and give others the space to criticise us; but let us leave it at that. Let us make sure that we walk away as friends when we disagree about our role in the public square. I thank the hon. Member for South-West Bedfordshire (Andrew Selous) for helping us to get this debate. We are not asking for more than a fair deal, and to make sure that most of us lighten up a little about the issue.

3.24 pm

**Dr. Evan Harris** (Oxford, West and Abingdon) (LD): I am grateful for the opportunity to speak in the debate, and to the hon. Member for South-West Bedfordshire (Andrew Selous) for introducing it. I also welcome the tone of the speeches. I shall give a secular point of view and I invite hon. Members to see whether it is extreme, because it is the secular point of view.

First, I want to ask about the definition of terms. The confusion starts with the title of the debate. I could understand and indeed sympathise with a debate about Christians in public life. As the hon. Member for South-West Devon (Mr. Streeter) said, Christians and other people of religion should be encouraged to engage in public life. I agree with that. I do not think that they are shy in coming forward. Our democracy and public policy-making are better for it. People of all perspectives should come forward; there should be no discrimination—and I do not think there is—to prevent people of religion from coming forward and playing a role.

Secondly, should Christian values play a role in public life? Yes, they should, of course, in the battle of ideas, just as any others should, whether humanist, socialist or conservative, because we base our policies and moral standpoints on values. Whether there should be a monopoly for one set of values I very much doubt. Some countries have such a monopoly, whether through political dictatorship or theocracy, and we know that in theocracies some groups, such as women and gay people, do very badly. That is predictable and identifiable. However, there are clearly shared values. "Do unto others as you would have them do unto you" and "Love thy neighbour" predate the New Testament. They are central tenets of Christianity, and also of most secular moral codes. They are something we should embrace. People may understand them as Christian and may argue that they should play a central role in public policy, but that does not mean it should happen because they are Christian. They are just a rational and sensible approach.

Arguing for Christianity in public life is equivalent to arguing that there should be a role in public life for Islam, socialism or liberalism; but I do not think there should be such a role, because it is a set of ideas and should not have privilege simply because it is religious. We recently debated blasphemy laws, which not all but many religious organisations were desperate to keep, although in fairness I do not think that many of them are represented here. Many hon. Members voted for their eventual abolition. Those laws gave protection in the battle of ideas and discourse for a particular set of ideas.

The other confusion is that the option is either relegation of religion to the private sphere—also labelled the privatisation of religion, which I do not believe in—or

the privileging of religion. However, there is a middle way. The privileging of religion, which I oppose, would be to allow religious organisations that deliver public services to discriminate against their employees when they were delivering such a public service. I am not talking about proselytising or discrimination on religious grounds against vicars; I am talking about the people who provide the soup kitchens, shelters, and so forth. They should not be discriminated against on religious grounds, and we should not give money to organisations that discriminate against gay people or people of religion when delivering public service. They should not discriminate against service users on religious grounds. They should not have the right to do that, and should not be allowed to proselytise on the state, as it were, using public funding, or while delivering a public service.

**Andrew Selous:** I am delighted that the hon. Gentleman has been called to speak, because he is putting the contrary case, to an extent, and it is right that he should. I just want to take him back to the small charity in south London, and the piece on the website: the reason for denying funding—I paraphrase slightly—was that the charity extends Christian care and offers prayer. That was the reason for a rejection. What is the hon. Gentleman's view on that example?

**Dr. Harris:** It will be fact-specific. We have heard a lot about the anecdote, and I do not blame hon. Members for that. I think Nurse Petrie is a better example, because the facts are more clearly available to all of us. She was a district nurse in a position of responsibility, going into a patient's home. Doctors and nurses in that situation are performing a function as a doctor or nurse and their primary responsibility is to their patient, who is in a vulnerable position. As I understand it, there had been a series of complaints against Nurse Petrie, not just one. It is very unusual for an elderly person receiving district nursing care to think to complain unless something pretty obvious has happened. What took place had happened more than once. It was inappropriate, and I believe that the Nursing and Midwifery Council and the General Medical Council would also argue that it is inappropriate for a person delivering care to say, "Would you like to pray with me?" If a person feels that prayer helps, that can be done separately by them; they do not need to be engaged in that. If it is thought that someone could help, a patient can be told, "If you are religious, you might like to talk to your priest about this"—whatever the religion is—"to see if you can get spiritual support that way." But a medical professional employed by the NHS or any other body needs to have a clear boundary, otherwise there is a feeling of pressure being put on someone.

**Sir Alan Beith:** My hon. Friend seems to exclude a conversation that would be quite common in many professions, including medicine, where a patient who knows a doctor says to them, "You are a churchgoer—a Christian—aren't you? Is prayer any use in all this?" The doctor may say, "What I believe is this." Should the doctor say, "I'm sorry, I can't talk to you about that. You'll have to make a separate appointment with me on another occasion."?

**Dr. Harris:** I am in difficulty over time, so I will not have a chance to respond. *[Interruption.]* Well, I am happy to do so, but my right hon. Friend will accept that I have to wrap up this minute.

There is a balance of rights and freedoms and we have to be aware that people feel strongly about their religion. But a line should be drawn. People should be allowed to practise and manifest their belief as long as it does not interfere with the rights and freedoms of others and where it does the state has a role to protect the freedoms of others from discrimination—even well-meaning discrimination in the name of religion.

3.31 pm

**Sarah Teather** (Brent, East) (LD): I congratulate the hon. Member for South-West Bedfordshire (Andrew Selous) on securing the debate. He made a measured intervention at the start of the debate and I am grateful to him for setting a measured tone.

I particularly enjoyed a number of speeches. The hon. Members for Gateshead, East and Washington, West (Mrs. Hodgson) and for Glasgow, East (John Mason) made thoughtful, reflective contributions to the debate. A couple of the things that the hon. Lady said struck a chord with me. I represent the most ethnically diverse constituency in the country. On going about my daily duties in Brent, I do not recognise the argument that we live in a wholly secular society. I engage with many of the organisations that I meet on religious terms. That surprised me, as a new Member of Parliament. At a West Indian function the dinner will invariably begin with a prayer—probably several—and probably a hymn. Ghanaian functions are similar. A Pakistani function, even in a secular community centre, will begin with a recitation from the Koran and every secular speaker will begin their speech with the Arabic words, "Bis millah arahma nirahim", which mean, "I speak in the name of God the most gracious and most merciful." I recognise all that from my own constituency.

I was reminded of what Madeleine Bunting said in her article in *The Times* about the disjunction between the adverts on the atheist bus and the often poor immigrants sitting on the top deck of the bus returning from a night shift with their prayer books open on their laps. There is sometimes that disjunction in respect of a debate in one place that does not touch people at all in some areas of the country.

The hon. Member for South-West Bedfordshire used the words "Christian community" a lot in his speech. Under that umbrella, we need to be aware that we are a heterogenous group. The contributions to this debate have come from hon. Members with different theological backgrounds. The denominations in the UK have different histories and traditions. Those traditions and theologies inform what we believe about what it is to be church, how we should engage with society, the kind of language that we use and our role, particularly in politics. The great dissenting traditions have always been counter-cultural, but other Christian traditions are focused much more on dialogue.

**Lembit Öpik:** My hon. Friend is right in saying that dissent is often associated with faith, but she must also remember that Jesus himself was something of a dramatic radical in his day. Does she agree that what was radical 2,000 years ago has been so successfully embraced in British society that there is an underlying narrative based on the Christian faith? Although there must be tolerance of all different faiths in this country, nevertheless we live in what must reasonably be called a faith-based society with Christianity at its core.

**Sarah Teather:** I accept my hon. Friend's point about Christian values. If I have time I will return to that point.

Within Christian groups—I see it most clearly in the Catholic tradition—there are different views about how we should engage with politics and with the world. That depends a little on how people read the different traditions of Aquinas or Augustine. People may prefer Augustine's model of two cities, with a real disjunction between the world and the kingdom in heaven or they may take a more positive view, from the Thomist tradition, about engagement with politics and politics being part of the good life. Those two disjunctions exist and they follow right through all the different Christian modes of thought. I see that, in the Catholic tradition, in the changes apparent between one pope and another in terms of the type of language used and whether they are particularly anti-modernity or more focused on negotiation and dialogue. We need to be aware of that, rather than grouping all Christians into the same group.

I am uncomfortable with the idea that Christians are, in some way, discriminated against or persecuted in the United Kingdom. There is a long tradition of martyrdom in Christian thinking that we tend to take upon ourselves with great ease. I wonder, when reading the *Daily Mail*, whether it would draw the wounds on itself if such an image were not too Catholic for most of middle England. I accept that Christianity and faith are often misunderstood—the Von Hügel Institute said that in its report, "Moral, But No Compass—Government, Church, and the Future of Welfare"—but whether that always equates with discrimination is a moot point.

**Mr. Andy Reed:** I agree entirely with the hon. Lady. Does she agree that God is big enough to deal with not having a Christian stamp and those sorts of things? That is not persecution compared with the persecution that I see as a member of Christian Solidarity Worldwide, having visited people who genuinely die for their belief.

**Sarah Teather:** The hon. Gentleman puts the point well and I agree. There is a tendency to lump the three recent cases together—the woman and her cross at Heathrow, the school receptionist and the praying nurse—as if they are all examples of discrimination. What those cases all have in common is a complete breakdown between the employer and the employee and a tendency to get the whole thing grossly out of proportion in the media. But they are about different things. One case is about whether religious symbolism should have a place in the public sphere, but the other two cases are, as my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) said, about the difficulties of defining the boundaries of people's dual roles. Those debates are beyond faith and not only about faith.

The symbolism issue has been portrayed by many people as being about Christians needing to be treated on a par with other faiths, and about our being free to practise our faith entirely as we choose in the public realm, subject to the requirements of good public order, with all faiths being treated the same. However, all faiths are not the same. Some faiths have an absolute requirement regarding strict dress codes, but Christianity does not. I heard the words from the Bible that the hon. Member for Glasgow, East used about the need for people to proclaim their faith in public, but there are plenty of other places in the Bible where we are told to beware of practising our piety in front of others. There are occasions on which we would do well to remember that. I am more convinced by some of the arguments that hon. Members have raised about local authorities sometimes misunderstanding the importance of Christian organisations in delivering local services and misunderstanding the contributions that those can make.

The hon. Member for South-West Bedfordshire mentioned faith literacy. That was a sensible contribution. A number of hon. Members said that it is difficult for people in public life to speak about their faith. This is a debate in Parliament. So in a sense we are calling on the Government and the state to respond. However, we have to be aware that there are limits on politics and on what we should expect the political realm to intervene in. Whether it is difficult for people to speak about their faith is a matter for society as a whole, not for politics specifically.

When we speak about politics in public life, we are in danger sometimes of collapsing all of political space into the state and those organisations immediately surrounding it, rather than considering the wider issues of political community and civic society. I felt that particularly when listening to my hon. Friend speak about public space. There are lots of different tiers. We have politics and Parliament, think-tanks and Churches as a body corporate and those play a role. Then there is the wide political community, including organisations that act through the voluntary sector, and those whose individual vocation will affect how they work.

Churches have a particular role in influencing policy decision making, particularly in moral formation, which we should all welcome. The very essence of the message of the incarnation, which is central to Christianity, is about the importance of human beings. The Christian Churches should have a unique ability to remind us of the human face when we make political and policy decisions that affect the whole of society. The hon. Member for Loughborough (Mr. Reed) mentioned Daniel's narrative about being in a foreign land, and the Christian narrative of exile has a lot to teach us about how we treat asylum and immigration.

My final point is cheeky and a little provocative. We have discussed Christian values in Britain, and perhaps the most fundamental, which I accept have been embedded in secular society, are solidarity and equality before the law. They are original Christian principles, and if we are going to get into a flap about the loss of Christian values in Britain, our priority should be to focus on them. We should worry less about secular society damaging them, and more about the state encroaching upon them.

3.41 pm

**Mr. Paul Goodman** (Wycombe) (Con): It is a pleasure, Mr. Caton, to see you in the Chair. The contribution of the hon. Member for Brent, East (Sarah Teather) has reminded us all that this has been a debate of extreme theological literacy. I think everyone in the Chamber this afternoon would agree that some of our debates, sadly, are a little too short and I would have been very happy to hear many of the hon. Members who have spoken this afternoon expound their ideas at greater length. It was a particular pity that the hon. Member for Oxford, West and Abingdon (Dr. Harris) had to

compress his thoughts, because I would have liked to hear him speak at greater length. I have no idea whether I am unusual in that, but that is my view.

I should start by congratulating my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) on conceiving this debate as a sort of procession that would honour the work of the Churches and faith communities. He succeeded completely. There have been some fine speeches. I naturally assume that all speeches from my hon. Friends on the Conservative Benches are fine, so I will single out, perhaps unfairly, the hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson), who clearly put a lot of thought into her speech, and the carefully worked-out speech of the hon. Member for Glasgow, East (John Mason) who made a number of interesting points about Church and state.

Many Christians seem to believe that there is new scepticism, even new hostility, in relation to Christians and the Churches, and about organised religion as a whole, and perhaps Christianity in particular. The hon. Member for Oxford, West and Abingdon spoke for that point of view, and made it clear that he has nothing against organised religion, but simply believes that it should not have a privileged place in the pubic square. He gave that view with great intelligence and acumen. It reminded me of the recent campaign by the British Humanist Association, which sent buses around the capital, and perhaps elsewhere, proclaiming that there is probably no God, so people should stop worrying and enjoy their life—the presumption being that if there is a God, one should start worrying and stop enjoying life. I will not be drawn, nor presumably will hon. Members, into the logical fallacies of that argument.

At the Conservative party conference last year, the National Secular Society had a stall for the first time, and I think that represents how secularists are beginning to come into the public sphere to make their argument. The society states on its website that some delegates said, "Thank God you are here", which is a peculiar way of expressing gratitude for its presence, but perhaps that is a sign of the times.

What is making Christians, members of Churches and others so nervous? There are three reasons, and I will run through them quickly. First, the elephant in the room is violent extremism claimed in the name of Islam. No one can claim that the effects of 9/11 and of 7/7 in the UK have not had a significant knock-on effect on the tone and content of public debate. We saw that in passing in the recent debate on whether faith schools should be compelled to take 25 per cent. of pupils who do not practise the faith that the school in question stands for. We obviously do not view Islam with hostility, and I want to put it on the record that the Conservative party believes that Islam is a great and ancient religion, which has an invaluable part to play in modern Britain, but we must acknowledge that factor, and that it has influenced debate in recent years.

Secondly, aligned with that factor is the rise of fundamentalism. Conservatives have nothing against people who want to return to the fundamentals of their faith, but data from across the world show that it is generally true that the more liberal elements in mainstream religions are not recruiting members and worshippers as rapidly as the more fundamentalist streams. Those fundamentalist streams, whether Jewish, Christian or Muslim, can have negative aspects. I referred to violent extremism in the name of Islam. Some Jews—fortunately, a minority—seem to believe in an enlarged state of Israel that would encroach on the life of others. Some Christians in the United States, against that country's traditions, believe in a theocracy.

3.46 pm

*Sitting suspended for Divisions in the House.*

4.17 pm

*On resuming—*

**Mr. Goodman:** I was ticking off three reasons for today's scepticism and hostility towards organised religion, including Christianity. I ticked off the rise of violent extremism and fundamentalism. The third reason is a general anti-establishment movement against religion, to which the hon. Member for Gateshead, East and Washington, West referred, when she mentioned the Jedi knights, which as she knows the 2001 census found—extraordinarily—to be the fifth-largest religious denomination in the UK.

As my hon. Friend the Member for South-West Devon (Mr. Streeter) said, Christian and religious believers obviously have no monopoly of virtue, and it would be deeply insulting to atheists, agnostics and people of no faith to suggest otherwise. He was quite right about that. However, I would simply observe, as a constituency Member of Parliament, as well as a Front-Bench Member, that if the faith institutions and Churches disappeared from my constituency tomorrow, much of the tapestry of civil society would simply unweave. The contribution of Churches and Christians, now and over the centuries, to schools, hospitals, charitable work in prisons and voluntary work generally, which many people have illustrated, has made Britain a better country, and continues to do so. If by an act of the imagination Christianity were removed from its place in the public sphere—a settled place that is respected, particularly in England—this country would be the poorer for it. I look forward to hearing what the Government have to say, in particular about their faith strategy, and once again I congratulate my hon. Friend the Member for South-West Bedfordshire on securing the debate.

4.19 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright):** I congratulate the hon. Member for South-West Bedfordshire (Andrew Selous) on securing this debate, which I am sure every Member will agree has been stimulating and thought-provoking. A leading member of the all-party group on Christians in Parliament, he has brought his experience and knowledge to this debate.

I shall begin by stating what I believe. Britain today, as it has been throughout its history, is a wonderfully diverse country with a number of faiths, but it sees itself predominantly—I choose my words carefully—as an implicitly Christian nation. My hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson) mentioned the 2001 census in her tremendous and thought-provoking intervention. In the last census, which was not too long ago, people of this country had the opportunity to register the fact that they had a faith or

*[Mr. Iain Wright]*

that they had no faith. Some 74.6 per cent. of people chose deliberately to describe themselves as Christian, and 5.4 per cent. claimed adherence to a religion other than Christianity. At this point I should like to say that I am grateful to my hon. Friend for mentioning the Jedi knights, on which the hon. Member for Wycombe (Mr. Goodman) elaborated.

Not all those who identify with a faith are regular worshippers. Nevertheless, it is fair to say that for a great many people, religious background is an integral part of self-identity. Their faith can provide them with a comfort and a sense of moral purpose. One of the key themes of today's debate is that a number of people are drawn by their faith into public life as a means of bettering the condition of society. The relationship between politics and faith-based morality has been and is a strong one.

Politics should not be merely bureaucratic or managerial in its intent and purpose, but should be enlivened and deepened through a sense of value, principles and morals. Harold Wilson famously said that the Labour party is a moral crusader or it is nothing. Today's Labour party, which was born of the marriage of trade unionism, nonconformist religion and politics in the age of the industrial revolution, remains strongly committed to the principles of furthering progressive politics through such means as eradicating poverty, increasing equality and improving opportunity for all.

Some people draw their moral compass through faith and others through secularism. Let me elaborate on that. Very often people are drawn to public life through their faith. Certainly in the fields of international development, environmental campaigning and the politics of climate change, faith groups have played an enormous role, particularly in the Jubilee debt campaign and the hugely successful Make Poverty History campaign, which the hon. Member for South-West Bedfordshire mentioned in his opening remarks, as well as monitoring progress and putting pressure on politicians to achieve the millennium development goals.

In my own constituency, the Hartlepool for Global Peace and Justice group, which is a predominantly Christian group, works hard and effectively to promote international development. It was instrumental in ensuring that Hartlepool became a fair trade town, which is something that councils and local housing institutions now push actively. It is appropriate to mention that, given that fair trade fortnight has just finished. Such groups have a real role to play in local politics.

**Lembit Öpik:** I agree with the Minister that faith at its best creates practical results in the community. Does he agree with me that churches such as Hope Community church in my home town of Newtown make faith into a 21st-century event in a non-dogmatic way by reaching out in exactly the way in which he said? I invite him to Hope Community church, where he can join us in celebrating the very best of faith in mid-Wales, and no doubt we shall pray for his career.

**Mr. Wright:** I am certainly heartened by the hon. Gentleman's invitation and look forward to visiting his constituency.

The hon. Gentleman makes an important point. In 21st-century society, there is a range of different groups, such as residents associations, voluntary organisations and faith-based groups, which pull together the web of society and help to improve the lot of many, including those who are vulnerable and disadvantaged. The hon. Member for South-West Bedfordshire pressed that theme strongly in his speech.

I want to draw a balance. I am not suggesting for one minute that humane values and good works are the preserve of religious people. Humanist non-believers such as Bertrand Russell have a proud record of service, too. None the less, the Christian faith has very often been the motivating force behind our great reformers. The hon. Member for Glasgow, East (John Mason) mentioned prayers at the start of business in the House. We continue to pay tribute to that Christian inspiration as we start business in the House of Commons every day. That is an important point. Some choose to participate in the daily prayers, others do not. It is not compulsory, but it can be a source of great comfort and solace for many hon. Members.

Like my hon. Friend the Member for Gateshead, East and Washington, West, the hon. Member for South-West Bedfordshire mentioned the idea of a secular society. He expressed some distaste for it as something that is as non-inclusive and unfeeling as a strict theocracy. With the greatest respect to the hon. Gentleman, I think that he has missed the point. British society is indeed secular, in that religious belief and practice is no longer a prerequisite for advancement or public office. I think that we would all agree with that. The idea that Benjamin Disraeli could not have become Prime Minister had he remained a Jew and had not become anglicised is anathema to most hon. Members today. We no longer expect our university dons to have taken holy orders or for all witnesses in court cases to swear on the Bible. I am sure that the whole House would agree that that is right, but I would go further. The Government are clear that religious practice, still less conversion, should never be a precondition for people benefiting from services offered by faith-based organisations.

None the less, we are self-evidently not secular, in that great numbers of religious people still live and worship in Britain. They are entirely free to do so and their freedom of worship is at the core of our system of law, as was mentioned earlier in the debate. This Government have introduced tough legislation to punish any incitement to hatred or violence on the grounds of religion or belief. Although there has been a long decline in churchgoing—it is now showing signs of levelling off in some denominations—the majority of regular and occasional worshippers are still Christians. Other faiths respect that and so should the non-observant majority.

One often reads in the media a lot of hysterical talk about the banning of Christmas or Christmas decorations by local authorities. I should like to take this opportunity to restate the Government's policy, which is to encourage local authorities to respect the religious beliefs and perspectives of people of all faiths and none. Although certain local authorities may adopt different approaches when marking significant festivals and religious occasions, the Government strongly advise local authorities to respect traditional and widely observed celebrations such as Christmas, which are valued by the majority of citizens in this country.

As the hon. Member for South-West Bedfordshire outlined, there can be circumstances in which public authorities shun Christian religious celebrations because of the perception that it may cause offence to other religious groups. The Government strongly believe that that rationale and the actions taken as a consequence are not only rubbish, but downright dangerous. I draw the House's attention to a statement made last year by the Christian Muslim Forum that

> "Those who use the fact of religious pluralism as an excuse to de-Christianise British society unthinkingly become recruiting agents for the extreme Right. They provoke antagonism towards Muslims and others by foisting on them an anti-Christian agenda they do not hold."

I agree with that stance. The Government strongly echo those sentiments and caution those who make judgments on what may or may not offend particular communities to examine the wider impact on community cohesion that their actions may have.

The hon. Gentleman said, as did other hon. Members, that he wants Christian-based organisations to be fully integrated into the delivery of services to disadvantaged people. The Government agree with that approach. We know that faith is an important driver behind volunteering and civic participation. As I have said, many faith-based organisations provide essential services to their local communities, through the local voluntary sector, and we applaud that. We want to ensure that when faith-based bodies are ideally placed to deliver services to those whom Government find it hard to reach—often in the field of homelessness and rough sleeping, for which I have ministerial responsibility—funding is available to allow them to do so effectively. In short, we want to harness better the energy and practical contribution that faith communities bring to our society.

One of the themes of today's debate has been the concern about the way in which some local authorities manage their relationship with faith communities. We have heard those concerns directly through our engagement with faith communities, including Christian Churches. To be frank, there is a belief that some local authorities feel somewhat squeamish about putting money into faith-led projects. That arises partly from ignorance—I think the hon. Gentleman used that word in his speech—and partly from a suspicion that such projects might use public funds for inappropriate purposes in a way that is not properly inclusive.

I understand those concerns, but I believe that they are usually misplaced. The vast majority of faith-based projects offer services out of a simple desire to serve disadvantaged or vulnerable people. We are therefore working closely with faith-based groups to identify how we can improve the participation of faith communities in local public partnerships. We are seeking to refresh the guidance published by the Local Government Association in 2002, "Faith and Community: A Good Practice Guide for Local Authorities" which sets out existing good practice in relations between local authorities and faith communities.

There is also a need for local authorities to understand faith communities better, including the fact that they are racially and culturally diverse. That has an impact on how local communities manifest their faith. To that end, my officials are working with Churches Together in England and other faith community representatives to develop and roll out faith literacy training for local authorities. Regionally, we are delivering similar training to Government offices; and at the centre, the Department for Communities and Local Government is developing its capacity as a centre of expertise for Departments across Whitehall. Finally, we have said that we will develop a charter of excellence for faith communities in service delivery. That undertaking will be similar to the model of the existing faithworks charter, which Christian and other faith-led organisations sign to assure funding providers that services will be delivered in accordance with the relevant equality legislation.

I hope the House will agree that that approach is entirely reasonable. We are not saying that organisations in receipt of public funding cannot be open about their religious motivation, display religious symbols or tell beneficiaries about their faith. We understand that the principle of mission is central to religions, including Christianity and Islam. However, we are saying that the provision of services cannot be conditional on participation in religious activity, nor can services be provided in a way that does not conform to equality legislation and nor can public money pay for worship or activities specifically designed to do that.I am grateful to have had the opportunity to clarify the Government's position on those important matters.

## Police Interpreters

4.32 pm

**Mr. John Leech** (Manchester, Withington) (LD): I am delighted to have secured a debate this afternoon on the use of interpreters by police forces in England after several weeks of trying. I am particularly pleased because earlier this week I had the opportunity to submit a petition to the House on behalf of 282 interpreters who are concerned about the prospect of police forces in the north-west outsourcing interpreting services to an agency and about the impact that would have on the quality of interpretation services.

The issue was brought to my attention by a constituent, Marc Starr, who is a registered public service interpreter of Spanish and Portuguese. He contacted me because he and his colleagues were concerned that Greater Manchester police and other forces in the north-west were considering outsourcing interpreting services to an agency. There was clear evidence that when that happened in other parts of the country, there was a massive increase in the use of non-registered interpreters, in contravention of clear guidance from the Association of Chief Police Officers. The recommended best practice is that qualified interpreters with a diploma in public service interpreting or equivalent should be used. The ACPO guidance is drawn largely from the "National Agreement on Arrangements for the Use of Interpreters, Translators and Language Service Professionals in Investigations and Proceedings Within the Criminal Justice System" as revised in 2007.

The agreement was issued by the Office for Criminal Justice Reform. It was produced in consultation with the interpreters working group, which includes representatives from ACPO, the Crown Prosecution Service, Her Majesty's Courts Service, the probation service, the Home Office, the Magistrates' Association, the Bar Council and the Law Society, and representatives of interpreter bodies, and replaces the national agreement issued by the Trials Issue Group in 2002 and a Home Office circular of 2006.

Paragraph 3.3.1 of the agreement states:

"It is essential that interpreters used in criminal proceedings should be competent to meet the ECHR obligations. To that end, the standard requirement is that every interpreter/LSP working in courts and police stations should be registered with one of the recommended registers, ie the National Register of Public Service Interpreters (NRPSI)".

Importantly, paragraph 10.1 states:

"Police forces and other CJS agencies that are contemplating outsourcing the provision of interpreters must ensure that this does not compromise compliance with the standards set out in this Agreement. In particular, where the fees payable to interpreters—as distinct from those paid to the intermediary agency—are lower than those contained in the recommended Terms and Conditions for Interpreters in the CJS…they are likely to be unattractive to fully qualified interpreters who are on the NRPSI and CACDP Registers, with the result that the contractor resorts to unqualified interpreters who may not be competent. This is not acceptable."

Finally, annexe B states:

"Any interpreter used within the CJS should be able to prove a measurable level of competence and quality assurance. NRPSI registration provides this, which is why NRPSI registered interpreters are recommended."

For several sectors of the public services, the National Register of Public Service Interpreters acts as a database of interpreters whose competence is not in doubt. The move towards contracting out interpreting services by some police forces is a departure from recommended best practice, and information gathered through freedom of information requests has provided irrefutable evidence of a link between outsourcing and low levels of use of interpreters who are registered with the NRPSI and who hold the DPSI qualification.

The majority of police areas that have not outsourced have an almost exemplary record, and even in the South Wales police force, which uses the lowest number of qualified interpreters, as many as 61 per cent. of interpreters have a qualification. There are reasons why the South Wales police find it particularly difficult to find qualified interpreters.

We can compare that with figures for forces that have outsourced the work and have contracts with other organisations. The number of unregistered interpreters used by police forces that have contracts with Cintra, for instance, ranges from 51 per cent. up to 71 per cent.—the latter figure is for Lincolnshire. An average of 61.8 per cent. of unregistered interpreters are used in such areas. The range of registered interpreters in areas where other agencies have been used is from as few as 12 per cent. up to 49 per cent.—those are the figures for Northumbria and Sussex respectively. The most recent information available is for Cheshire and shows that 29 per cent. of interpreters used in 2007 had the qualification, and 38 per cent. in 2008.

Unfortunately, despite the overwhelming evidence that outsourcing results in non-compliance with the guidance, GMP has not been dissuaded from considering it. Superintendent Wilkinson wrote to me on 5 February. He stated:

"The North West Police Forces, led by GMP, have collaborated to explore the possibility of outsourcing the provision of interpreting services. We are aware of the standards required and will take steps to ensure that outsourcing the service does not compromise compliance with the standards set out in the National Agreement, before any contract is awarded. To date no company has been awarded any contract in respect of interpreter services for GMP…Managing companies will be expected to provide interpreters that are qualified and fully vetted for police work and use NRPSI as first tier. Only in exceptional circumstances would they be allowed to deviate from this specification."

Superintendent Wilkinson also explained that one reason why the force is considering contracting out is that sourcing interpreters is time-consuming and costly. He went on to say:

"Front line policing is supported by many other agencies and third party providers who are experts in their own fields. In respect of interpreting, a lot of police resource is deployed in accessing, engaging, checking, administering and paying large pools of self employed interpreters."

Engaging an agency is clearly about saving time and money, yet there is no evidence to back up the assertion that non-registered interpreters will be used only in exceptional circumstances. Evidence from all the other police forces points to the contrary. Unfortunately, GMP is ignoring that evidence for the sake of saving time and money. That will result in ACPO guidance not being followed. I am due to meet the assistant chief constable at the end of the month to raise my concerns about GMP's plans, and I hope that GMP will take notice. However, what is required is for the Government to intervene and strengthen the guidance or, if necessary, to legislate to ensure that police forces comply.

In fairness to the Government, in their response to me on 2 October last year, the Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle) acknowledged that there was room for improvement and assured me that her officials were looking into the matter. That was five months ago, however, and I have heard nothing further. In her reply, will the Minister let the House know what progress has been made?

The Under-Secretary also acknowledged in her reply that the guidance was clear and that

"all police forces in England and Wales were recently reminded of the current guidance by the Association of Chief Police Officers. It is unambiguous, especially in terms of quality, and states that 'Forces that do or are considering outsourcing the provision of services to a commercial agency who act as an intermediary for booking and hiring interpreters, are reminded of the need to ensure this outsourcing process does not compromise compliance with the standards set out in the National Agreement. Consideration should be given to ensure that rates of pay and terms and conditions do not act as a disincentive for qualified and/or registered interpreters, preventing them from offering their services and thus damaging service quality'. The guidance makes clear that the agencies concerned should use registered interpreters and police forces are strongly encouraged to ensure that their contract stipulates the use of qualified interpreters."

Unfortunately, that is simply not happening. Pay and conditions are lower in agencies to which interpreting has been outsourced in other police authorities. That acts as a disincentive, preventing registered interpreters from offering their services.

In this short debate, I do not have time to go into the various examples of the problems caused by the use of non-registered interpreters. If the debate were about whether registered interpreters should have priority over non-registered ones, I would address those issues, but the Government have accepted the case for using registered interpreters. Unfortunately, the Under-Secretary made it clear that she believes that the decision to use agencies lies ultimately with chief constables and that it is not appropriate to legislate. That is where I disagree with her. If the use of agencies results in the guidance not being followed, surely it is the job of the Government to intervene. If the Minister is in any doubt about the evidence, I will happily supply her with more facts and figures.

The problem is not new, but the recent move by GMP and other north-western police forces has brought it firmly back on to the agenda. I urge the Minister to re-examine the impact of outsourcing on ensuring the use of registered interpreters and to introduce further guidance against the use of agencies and outsourcing. If that fails, I urge her to legislate against it. If she is not prepared to go that far, will she at least consider taking action where outsourcing and the use of agencies is resulting in a reduction in the use of registered interpreters? Will she also commit to discussing the implications of outsourcing with GMP and making it clear that if GMP's commitments to maintaining the use of qualified interpreters are not kept, the force will be expected to scrap the use of the agency employed?

In conclusion, my constituent Mr. Starr says:

"Interpreters are aware that it is a freelance industry and what is not expected is a guarantee of work—this depends on too many factors. All we are after is that if there are three interpreters in a region in which a region requires an interpreter five times, an NRPSI interpreter is contacted first on all of those occasions".

That just does not happen when police forces outsource to agencies.

4.45 pm

**The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier):** It is a pleasure to serve under your chairmanship, Mr. Caton. I thank the hon. Member for Manchester, Withington (Mr. Leech) for raising this debate. Other hon. Members have spoken to me and to my hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing about the issue, particularly my hon. Friend the Member for Eltham (Clive Efford) and my hon. Friend the Member for Manchester, Central (Tony Lloyd), who has spoken to me about it on behalf of a number of Manchester colleagues. Clearly, there is some concern in the Manchester and London areas in particular. I am aware of the issue, and I welcome hon. Members' interest in it. I also welcome the chance to debate it today.

It is useful to start by outlining the Police and Criminal Evidence Act 1984 requirements on interpreters. The responsibility for providing interpreters at the police station is an operational matter for the chief officer of the force concerned, and the Home Office has no plans to change that. Code of practice C issued under the Act for the detention, treatment, and questioning of persons by police officers states that chief officers are responsible for ensuring that appropriate arrangements are in place for provision of suitable qualified interpreters for people who are deaf or who do not understand English.

The code indicates that a person must not be interviewed in the absence of a person capable of interpreting if they have difficulty understanding English, if the interviewer cannot speak the person's own language or if the person wants an interpreter present. I know from my constituency that it is sometimes a challenge to find an interpreter in the right time frame who has the right qualifications and professional skills to do such demanding work. Interpreters do not have an easy job. Some of the issues that they deal with can be quite harrowing.

**Mr. Leech:** The Minister makes the important point that it is not an easy job. One problem is that some non-registered interpreters are not qualified to interpret. They may understand the language that they are asked to interpret, but they are not qualified interpreters.

**Meg Hillier:** I have not discussed the issue widely, as I am not the policing Minister and it has not been a topic of conversation when I have visited police throughout the country, but from personal experience in my constituency, I can say that the police are anxious to ensure that interpreting is of good quality. They are aware of the sensitivities and issues. If they get someone who cannot do the job properly, a case might not stand up in court and there could be issues involving service to the victim or injustice to the perpetrator. There is a strong awareness among police of the need to get the right sort of interpreting. If the hon. Gentleman will let me continue, I will explain a little about some of the issues that he mentioned and what the Government are doing to work with the police to ensure that the concerns that he and other hon. Members have raised are addressed.

PACE code C contains specific requirements aimed at ensuring that information gathered may be admissible in court and, importantly, that the detainee understands what is happening at the police station and which matters are being put to them. That is a fundamental right. Access to an interpreter at the police station is a

*[Meg Hillier]*

key safeguard in compliance with our responsibilities as a Government and as a nation under article 5 of the European convention on human rights, which states that everyone who is arrested shall be informed promptly, in a language he or she understands, of the reasons for his or her arrest and of any charge against him or her.

The national register is an important and useful source of interpreters. The reality is that there is a shortage of interpreters, which is one issue that the Home Office and the Ministry of Justice alone cannot resolve. PACE code C requires that the outcome in article 5 of effective communication between police and the detainee is met, and advocates that, wherever possible, interpreters should be drawn from the national register. That is something that I think we would all wish to see as a paradigm.

The use of interpreters in criminal proceedings, including at the police station, is governed by the national agreement on arrangements for the use of interpreters and translators in the criminal justice system, which I shall call the national agreement. As with PACE code C, the national agreement requires not that an interpreter from the National Register of Public Service Interpreters must be used, but that they should be drawn from the register where possible. That is important, because if no one from the register is readily available, there can be big challenges, and that leaves the police in a difficult position. They have to consider how long they can wait when they have someone in custody, as there are, quite rightly, legal requirements on how long people should be kept in custody. That protection is in place, and interpreting is relevant to the delay and cost to the police and criminal justice system if justice is not carried out properly or fairly.

I am aware that outsourcing, and the engagement and use of interpreters outside the national register, has been an issue in some police forces since about 2005, so it certainly is not a new issue. The hon. Gentleman has raised it about his area. Interpreters understandably object to outsourcing because they receive less money under that system. The average pay range for an interpreter on the national register is between £35 and £50 an hour, but could drop to as low as £15 to £20 an hour if they are employed through an agency. I can see the economics of the situation: if an interpreter has a choice of jobs, they will clearly take the higher paid rate if they can, so there is a problem with getting them to do interpreting through outsourcing. However, outsourcing is often used because forces cannot get someone from the national register to do the work.

There is anecdotal evidence that outsourcing has led to a drop in the quality of interpreting being provided, because interpreters are not prepared to work for the money available. We recognise that, and we know that work needs to be done to help to resolve the issue. ACPO's lead official on interpreting issues, Assistant Chief Constable Douglas Paxton of Staffordshire police, wrote to all police forces last year, reminding them that they should use interpreters from the national register where possible. Forces were also reminded of the need to ensure that outsourcing did not compromise compliance with the standards set out in the national agreement. We must allow ACPO to play its role, working with police forces, but I shall address the hon. Gentleman's comments about legislating in this area later.

ACPO acknowledges the invaluable contribution of the work carried out by interpreters in police forces and across the wider criminal justice system, but it also points out that outsourcing does not constitute a breach of the national agreement. Police forces are duty-bound to secure best value, and ACPO is not aware of any outsourcing activity that does not seek to operate in accordance with the national agreement.

**Mr. Leech:** Does the Minister accept that the figures I have given her provide clear, irrefutable evidence of a correlation between outsourcing and the proportion of interpreters being used who are not on the national register?

**Meg Hillier:** I agree that it is an important issue that we need to consider in full. My point is that the national agreement has some flexibility; and that it is right to explore the options. ACPO says that it is not aware of any outsourcing activity that does not operate in accordance with the national agreement, and I am keen to hear from hon. Members, as I have been doing, about how it is working in their areas. The national agreement says of outsourcing:

> "Police forces and other CJS agencies that are contemplating outsourcing the provision of interpreters must ensure that this does not compromise compliance with the standards set out in this Agreement. In particular, where the fees payable to interpreters—as distinct from those paid to the intermediary agency—are lower than those contained in the recommended Terms and Conditions for Interpreters in the CJS…they are likely to be unattractive to fully qualified interpreters who are on the"

national register,

> "with the result that the contractor resorts to unqualified interpreters who may not be competent. This is not acceptable."

Those are ACPO's words, and the point is fairly clear, but the critical issue is that the national register currently lists about 2,000 interpreters—a figure well below what police forces in England and Wales would deem appropriate. I see the problem in my area of London, as does my hon. Friend the Member for Eltham in his area, and he has raised the issue with me. Clearly, it is also an issue in Manchester, as a number of Manchester MPs have raised it with me too. There is a challenge, but it is a little beyond the Home Office's remit. The Government need to look into the matter, and interpreters, as a profession, need to work out why relatively few of them go into that type of work.

Police forces are outsourcing their requirement for interpreters as a pragmatic approach because they need to progress investigations. They have to get the balance right, to make sure that investigations are carried out fairly, with a high level of proof, and to make sure that people are not spending time in custody unnecessarily. We must all recognise that those issues are difficult to balance, while ensuring that we maintain the quality of interpreting. ACPO has started work on national scoping exercises with forces to assess current requirements and service improvements, and how they could be met. We hope that will give a clear indication to the interpreting profession of the opportunities for fully qualified interpreters in that valuable area of work.

We recognise the benefits that the national agreement provides, and we need to ensure that its framework delivers the necessary service to the criminal justice system. The Government will work with key stakeholders in the criminal justice system and with the representative

bodies of the interpreting profession on reviewing the current guidance. My hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing, and the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle) will lead on that work. The focus of the exercise will be to determine how we can ensure that suitable, qualified interpreters are available for use throughout the criminal justice system. I repeat that the Home Office cannot solve the problem alone, but the Government can take a role in encouraging people to take up those important positions.

The rising demand for interpreters is due to a number of factors. We are living in an international world, and we expect that our cities, particularly Manchester and London, will be diverse. Interpreters are sometimes called because the police are concerned about their ability to understand someone who thinks that they can speak English, and because they need to be clear that their message is getting across. There are a number of reasons why interpreters are used, and it is right that we should consider the issue seriously and closely. We need quality services at a reasonable cost, and there should be no incentive to reduce quality. Responsible police forces will take that into account, but outsourcing alone is not the problem.

The hon. Gentleman asked why we do not legislate on the matter. There are no immediate plans to do so, but it is an important option, and we are considering amending the PACE code of practice on detention to require the use of interpreters from the register only. My hon. Friends in the Home Office and the Ministry of Justice are considering that, but before we can make that change, we must ensure that sufficient, trained, able and competent interpreters are available to enable the police to progress their investigations and ensure that detainees are not in custody for too long. The danger with hastily introducing legislation is that if we do not have sufficient bodies on the ground to deliver what we are legislating for, we will be in the same position as we are now, with too few interpreters. That is a key issue.

The key driver in ensuring quality of result for the victim and fairness for the perpetrator in any case is having good-quality interpreters. I am sure that view is shared by the hon. Gentleman and by other hon. Members who have raised the issue with me—indeed, I know it is from my conversations with them. I hope that they will all welcome the work that we are doing to address these important problems. My hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing is aware of hon. Members' concerns from his conversations and correspondence with them, and I know that he will keep them updated about our thinking and progress in this area.

## Identity Cards

4.58 pm

**Mr. Mark Todd** (South Derbyshire) (Lab): I intend to address the definition of the identity cards project and its procurement. I shall not discuss the principles behind the project, nor shall I attempt to persuade the Minister that it might harm civil liberties. I have never bought that argument and I did not make it during the passage of the Identity Cards Act 2006.

The concerns that prevented me from supporting the Government on Third Reading were far more prosaic. I was concerned about whether the project was good value for money and whether we were proceeding in a way that limited the risk of failure. The first point is complex, partly because of uncertainty about the project's cost. I recall during the Bill's passage speaking to a group of IT specialists, who immediately agreed with me that the estimates given by the Government and by critics of the Bill were entirely speculative.

Are we better informed now? The answer is: perhaps a little. The project is better defined than it was. One major aspect of the technology—iris recognition—that carried both risk and uncertainty has been omitted from the original list of specifications. A sensible deconstruction of the project has taken place and it has been divided into more accessible elements, often linked to existing passport activity. An initial low-volume activity serving foreign nationals will test aspects of the programme. Of course, that deconstruction will make the monitoring of the precise cost of ID cards beyond the passport project hard to assess. I still argue that we are some distance from having any reliable figure for the marginal cost of ID cards as a project and we are certainly—I will expand on some of the reasons why in a moment—a considerable way from understanding the ongoing costs of maintaining a national identity register for UK nationals. Within acceptable bounds, we do not know what the project will initially cost and how much it will cost to maintain.

The other uncertainty in the calculation of worth is rather more profound: what exactly will the register and the cards offer? Again, when discussing the genesis of the project with IT professionals, I found the unanimous view given was, "I wouldn't have justified it this way." The confused melange of arguments about stopping terrorism, tackling illegal immigration and fighting crime have appealed to those looking for quick-fix politics, and they have helped the idea to build some base of preliminary popularity. However, such arguments have also created a substantial base of hostility and they would be rapidly demolished or severely weakened by even the most cursory scrutiny.

The 7 July bombers were proud of their identities and would have been holders of ID cards anyway. Illegal immigrants, by definition, live in the shadows of our society, and to operate in the open they would currently need to show legitimate identity. Giving false identities to the police is a problem affecting a minority of crimes. Thankfully, we have moved on to the more adult argument that should have been at the heart of this project from the start: that proving one's identity is increasingly a necessary part of life—not all the time, but frequently enough to cause inconvenience and a simple tool to do that would help. However, there is a counter-argument: that relying on several disparate sources of identity

*[Mr. Mark Todd]*

proof makes us more secure than relying on one tool alone. Having one supposedly authoritative source will make it certain that its vulnerabilities are tested.

I have noted from the technical discussion of the project, that phishing—with a 'ph'—has already been identified as likely. It is helpful that the Home Office have looked at that. Presumably the target will be card holders who are foolish enough to place elements of their data in circumstances where they are made available for someone else to exploit. The staff involved in the maintenance of the data and the design of the technologies will also be an obvious vulnerability; the behaviours of card holders themselves are a further vulnerability. Those who are far cleverer than I will, no doubt, be working already on the perceived frailties of the scheme.

One critical element is required to sell ID cards as a tool for the citizen: trust. Bearing in mind the significant and technically resourced opposition to the project, weaknesses will be both sought and given high-profile exposure. It is wholly unrealistic to expect a project of such a scale and complexity to avoid error and failure. Trust damage is extremely likely, and we have not made a terribly promising start. Government and private sector data management does not have a good reputation. PA Consulting, which I understand is the firm advising the Government on the project, as I am sure many other firms are, recently lost the personal details of the entire UK prison population. In the company comment, one root of its problem is disclosed:

"the challenge of managing necessary confidential information held by government, and in particular eliminating human error, is industry wide."

Procedures and processes are fine, but human beings do not necessarily conform.

The other unspoken root problem, which I have already stressed, is reliance on one encompassing technology rather than dispersal of risk. The role of the national identity scheme's commissioner also remains undefined. That element will either build trust in the project or—if the appointment is weak or the terms of reference of their activities are poorly defined—be a means of subtracting trust. Before cards are given to any UK nationals, we need to know who that person will be and exactly what they are supposed to do within what budget.

The public's trust must be won. The intellect workshops that were held two years ago when the genesis of the project was established made it absolutely clear that, for the project to work, clear uses and benefits must be explained to the public and a high level of trust won. As I said, we have not made a desperately promising start. Tentative attempts to sell the idea have provoked ridicule in some cases. The brief appearance of the website www.mylifemyid.org, which was aimed at young people, became a predictable target for opponents. Selling the project to its potential customers will be tough and expensive. In addition, one has to say that it almost certainly has not been properly costed in the programme.

The responses of the first recipients of the cards who can speak up—foreign nationals have been carefully chosen because, arguably, they are a group that cannot complain—have been either hostile or deeply unenthusiastic. Airline pilots have vigorously contested the need to have the cards at all, and Roger Wiltshire of the British Air Transport Association has said

"we do not see the ID scheme bringing any security or business benefits".

One might imagine that the financial sector, which requires ID proof more than most, would be vocal in its enthusiasm. Of course, that sector has other things to worry about at the moment, but its virtual silence speaks of extreme caution at least.

Those concerns have, of course, been reflected in supplier behaviour. The political controversy over the project, its muddled, incoherent justification, and the lack of endorsement from potential users has been noted in the supplier community. The careful design of the scheme to incorporate more consensual and current activity, which is a sensible route to take, within discrete projects related to existing Identity and Passport Service work has ensured that some interest is retained. However, the drop-out from the initial pool of potential suppliers has been notable. The survivors—those who are prepared to lead consortiums—would be wise to price in the risk of interruption, diversion and reputational damage.

Let me illustrate one obvious problem in procurement. The Government have sought to engage the private sector in the initial data capture exercise through a competitive marketplace. The training and security checks of staff involved will, of course, be a substantial cost, as will the acquisition of data capture centres dispersed around the country. Understandably, the IPS states that such centres have been located in places of high footfall

"such as high streets or large shopping centres".

This will not be a low-cost activity.

The Home Office website specifies the sorts of people who might be involved in the exercise. Providers will need to have a strong brand that customers know and trust. Unless the initial suspicions about the project are dispersed and opposition melts away, I know of few strong brands whose customers trust them deeply that will voluntarily enter a market where conflict is assured, and, what is more, for the relatively modest marginal profit that they might achieve in a genuinely competitive marketplace.

One suspects that what is actually meant by the statement is that a public sector brand such as the Post Office, which might be obliged to take part, might be the provider of choice, but then one needs to consider that most of the Post Office network lies in private hands. Persuading a group of sub-postmasters, who would have some difficulty assembling the skills that are necessary to do such a job anyway, to participate is beyond the imagination of even those behind this project.

Let me now touch on one of the features of the national identity register which highlights some of the confusion in the thinking: the inclusion of the holder's address. That is the feature of a person's identity that will change the most and the most frequently. Passports do not currently require that identifier. Presumably, the successful identity service currently offered by the IPS for verifying passports when presented as proof of identity for employment or other purposes includes no address obligation within the process, or the person must produce some associated document alongside their passport to demonstrate that the address at which they claim to live is actually the one to which bills are sent and so on. Cursory consideration reveals why there is a difficulty with including such data on the national identity register.

It is an offence for driving licence holders, as it will be for ID card holders, to fail to notify a change of address. Someone might innocently think, if they did not know much about our citizenry, that we always notify. It is an offence not to do so, so we report our change of address. However, the Driver and Vehicle Licensing Agency thinks otherwise, with some substance. It estimates that nearly 20 per cent. of the driving licence addresses held on its database are inaccurate, and that is with a sanction attached to failure to notify a change of address—exactly the same as for ID cards—and with at least some likelihood of a failure to notify being identified. If one is stopped and required to produce one's driving licence to demonstrate who one is, it is perfectly possible that a failure to notify will be spotted.

Anyway, how would such data be verified on an ongoing basis? When the card is presented to prove identity, will accompanying proof of address be required? As I have demonstrated, there is no reason to suppose that the address held on the national identity register from the initial capture will be right. Those who are likely to have to prove identity regularly might well have an incentive to maintain an accurate address for fear of penalty. Will those who seek verification of an address report offenders? That is a substantial question. If the person who seeks to verify the identity detects an error in the address, is he obliged to inform a third party of it? Those who wish to lose themselves in our society—I do not wish to stereotype the presumed targets of the project, but there must be some—could readily avoid such interfaces, so exactly what purpose is served by holding the address? The accuracy of the register will be questionable, at best. The maintenance of the data will be costly and will introduce risk—for example, the risk of addresses being mistakenly allocated to another identity, as in the miserable case of errors over the address of one of my constituents. The transposition of her address with that of another debtor by a third party led to her committing suicide.

I note that Department for Work and Pensions customer information system technology will be utilised as a base of biographical data. I am not sure, but I would be surprised if I were the only MP who regularly encounters difficulties with the DWP CIS database. There is already confusion over people's identity. I can think of two problems in my constituency that have been drawn to my attention in the past six months. There has recently been an attempt to clean up the data, and I would be interested to know what the outcome was. In a written answer to me, the Home Office estimated that each year 14 per cent. of people change address. The task of ensuring the accuracy of the process will be substantial and the cost huge. For what?

I would also welcome some information on the availability of reader technology. The cards will be of little value unless card readers interfaced with the register are widely available. One presumes that that will involve market-led technology and that several companies may produce the appropriate kit. However, for what must be a significant investment, certainty as to the scale, timing and specifications of the opportunity are required. I have not noted producers of such kit emerging.

Some sensible decisions have been made since the passage of the Bill—to simplify the project, to deconstruct it and integrate it with existing IPS activity, and to change the disastrously ill-thought-through justifications for it—but I doubt whether it is realisable in its planned form. Hard though it may be to reverse course now, that would appear to be the wisest approach. At the very least, further elements of risk—the inclusion of addresses, for example—should be removed and the project should be drawn still closer to the core passport process.

5.17 pm

**The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier):** I am pleased to speak for the second time this afternoon, Mr. Caton.

I am delighted that my hon. Friend the Member for South Derbyshire (Mr. Todd) has raised this debate. Unbelievably, this is actually the first time that I have had the chance to debate the matter as the Minister responsible since I was appointed to take responsibility for ID cards in July 2007. I very much welcome his calm and rational discussion of some important points.

My hon. Friend was right to highlight the fact that during the process of the legislation and beyond, there has been uncertainty about some of the reasons why we are introducing ID cards. The Government have not been clear enough about their reasons.

We have had a period since the Identity Cards Act 2006 became law, after it was debated in Parliament twice in 2005, when perhaps we were not communicating enough to the outside world about our plans. Inevitably, such a vacuum is filled with people's concerns, and there probably was not a strong enough counter-voice from the Government about the benefits. I hope that I can put that straight today.

First, to pick up on my hon. Friend's comments about uncertainty over costs, this is one of the most reported cost areas in government. Every six months, a cost report is laid before Parliament. Sometimes I think that it is an inflexible way of reporting costs, perhaps for some of the reasons that he raised, because it tends to lead to people jumping on a particular large figure. Over a 10-year period, the cost of the scheme will be £4.785 million. About 70 per cent. of that, however, will be the cost of implementing secure passports with fingerprints, something that we are doing to meet international requirements that make life more convenient for British citizens travelling abroad. The operational cost of issuing the cards and maintaining the register will be recovered from fees, as we are currently required to do for passports, so there is no big pot of money waiting to be spent. I know that my hon. Friend understands that point, but it is worth highlighting for others following the debate. We do provide that level of detail, and, were we able to break out of the cost report straitjacket, perhaps we could explain it more clearly. Too often, however, people jump on that large figure and consider it a major area for criticism, but, if we divide it by 10, the figure is considerably lower in any case.

My hon. Friend's point about the rationale is important. Convenience is a major factor, but, when we polled the public, they were very clear that safeguarding their identity from fraud was a concern. On the subject of immigration control, messages from other parts of the Home Office about maintaining our borders were also a key factor. When we get a job, use a bank, purchase goods and access services, we need to prove our identity. Currently, we use numerous documents, and, when I was last at a parcel collection office, I saw 11 listed

*[Meg Hillier]*

documents, most of which were not forms of identification. A birth certificate is not a suitable form of identification to prove who one is, because anyone can buy it from the General Register Office or their local council, and utility bills can fall into the wrong hands.

I carry my passport around with other documents, and that is not very secure, so having one single way of proving one's identity will be incredibly useful to people. If I have time, I shall mention how we might do so automatically. The scheme will reduce needless bureaucracy, so the long-winded process of proving one's identity by, for example, handing over various documents to one's local council for a parking permit will no longer be the only option. Someone may take those documents to a back room to photocopy them, keep the copies and, perhaps, lose them, as sometimes happens even with good councils. In the future, however, there will be a simple way to prove one's identity.

My hon. Friend highlighted the fact that the identity documents that we currently present reveal a lot of information about ourselves. For example, all the information on my bank statement is not something that I want someone to see when I try to prove my address. It can be difficult for many married women who operate under different names to find a utility bill in their name, and, certainly, that is increasingly difficult for younger people who do not have a telephone landline or who live in shared accommodation. The information about one's address is on many of those documents, but it will not be on the face of the card.

In producing an identity card, there will be safeguards that do not exist for the many other ways in which we currently prove our identity. It will be a voluntary scheme, so people will be able to choose to continue to go down the cumbersome route of producing sheaves of paper; or, they will be able to register with the scheme. We hope that the first British citizens will register in the autumn. We will soon invite early expressions of interest and then decide the areas in which people will be able to sign up to the cards at the same time as some airport workers will receive them.

The Identity Cards Act 2006 is explicit about the information that can be held—it is information that proves identity. There will be no requirement to include, for example, blood group, criminal record or health issues. Interestingly, however, some young people to whom I have spoken wondered why we were not including that information. Different groups in the population have different attitudes, but I want to be very clear that there is no intention, either by the Home Office or by the Government, to extend the information that will be included on the identity card. As the Minister responsible, I am very clear that we do what we say we will do, and no more. We are very clear about that.

The card will display only minimal information but, using the fingerprint and digital images, link one person to one identity, which is the key point. Making life easy and more convenient is one area, but, for public sector organisations and private businesses, it will improve efficiency, too, because procedures will be quicker and easier. As one council chief executive told me, they will be able to spend more time on the people who are difficult to deal with, because they will be able to process many people whose identities will be easy to check if they choose to produce a card. Of course, under the 2006 Act, they will not be required to show the card. No one will be required to show the card to access a public service, but they can choose to do so if they wish to be dealt with quickly.

The message about ID fraud is important. It is a growing concern, about which I get more letters now than I did when I started this job. People are aware of ID fraud issues, and we will soon launch work to remind people to maintain their identity securely, pointing out the various measures that the Government, across the board, can undertake to help people do so. We already have a very trusted Identity and Passport Service—71 per cent. of the population trust it to hold their information. Information from our passports is held on a database, but we will provide a far more secure database and far more secure updated information, making the card a much more useful product. In many ways, the identity card programme involves an update similar to what we have done with passports—automating the process, rather than having an old-fashioned paper-based system.

My hon. Friend is right that one could counter-argue and say that several documents are more secure than one, but that is why we must get the first identity check right. The IPS is very good at doing that. We recently introduced interviews for first-time adult passport applicants, and there have been some successes, with people often faltering when asked, either prior to or after an interview, for further information to verify that they are genuinely who they say they are. We have a trusted Government organisation already doing that work, and the same organisation will run the identity card scheme.

My hon. Friend is right that trust is a key factor. It certainly bears on my mind as the Minister responsible for the work, and we need to ensure that we build and maintain public trust and show that we have clear and transparent approaches to tackling any breach of trust. The scheme's commissioner will soon be appointed—we hope by the summer. His or her role is clearly laid out, and I shall happily send details of it to my hon. Friend, if he wishes. The scheme commissioner will work alongside the Information Commissioner's office, with which we have had several discussions to ensure that the scheme works properly. Several legal protections are in place—for example, regarding the handful of staff who will have direct access to the register. They will amount to about 100 people. My hon. Friend rightly raised the issue of human error, but, if somebody tampers with the register, they will face a severe legal penalty, including a prison sentence.

No personal information will be downloaded to USBs or discs. In fact, generally, there will be no terminals on people's desks, as that would allow them to look up an individual with the card present. That puts the power in the hands of the citizen. If I present myself, my card and my PIN, I am clear that I have given permission for some information about me on the register to be verified by the person, bank—whomever I have a relationship with. No one else should be able to look up information, except in extreme circumstances, such as suspected terrorism or serious crime—and only then, when clear proof is given to the custodians of the database that the information, or a certain amount of information, is required. There will be no opportunity—not even for the police—to fish

around the register to see what information can be found. It will be as secure as a military database. Nothing is ever risk free, however, and it would be irresponsible of us to suggest that. Nevertheless, it is important that I highlight those points.

Foreign nationals have been very receptive to the scheme. I stress that they were not chosen as an easy, soft-touch first group; other work was going on in the Home Office, so we decided about a year ago to align both projects. Rather than leave out the immigration scheme, there seemed to be much more sense in aligning the two as part of the same scheme. It was clearly part of the same approach.

Airline pilots have sought portability for their security passes, and we have had some constructive conversations with a number of air industry organisations—perhaps more constructive than with those few that have chosen to criticise the scheme publicly. I am always happy to consult people and to discuss their concerns. It is much more helpful if they talk to us directly, rather than just going to the newspapers. The business benefits to airlines will be enormous. The scheme speeds up checks, and that benefits employers and employees, because they will be able to start work sooner and their salaries will not be late.

I have little time to go into what is a big area, but the suppliers went through a rigorous procurement process and, if they fell by the wayside, it was because they did not meet requirements. Hand on heart, I can say that one of the best procurement teams in the Government is dealing with the scheme. We went through a very effective procurement strategy. We set up a competition, and five companies ended up on our team of contractors which will bid for smaller contracts. That strategic suppliers' group went through such rigorous testing that we now know the standards that we expect from it, and it does, too. There is much more collaboration in the team now, and its members are competing heatedly for various contracts that are now being sub-let.

5.30 pm

*Sitting adjourned without Question put (Standing Order No. 10(11)).*

# Westminster Hall

*Thursday 12 March 2009*

[HUGH BAYLEY *in the Chair*]

## Race Equality

*Motion made, and Question proposed*, That the sitting be now adjourned.—*(Chris Mole.)*

2.30 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan):** It is a pleasure to see you in the Chair, Mr. Bayley. It is first time that I have served under your chairmanship. I welcome the Opposition Front-Bench spokesmen to this important debate.

It is more than 40 years since race relations legislation was first enacted. We are now at a crossroads on the way to race equality. There are some dead ends that we must avoid, but I believe that the right way forward can be found if we are prepared to be bold; we need also to listen to communities.

Some of my black and Asian right hon. and hon. Friends blazed a trail so that I was able to become a Member. I pay tribute to my right hon. Friend the Member for Leicester, East (Keith Vaz) and my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott), as well as Paul Boateng and the late Bernie Grant, for the huge role that they have played.

I was born after the introduction of the Race Relations Act 1965. I would like to think that I could pass for someone born after the Race Relations Act 1976 was passed, but public office takes its toll. However, I have been fortunate enough to be able to use my abilities to progress in my chosen field, as have other black, Asian and other minority ethnic groups. Many prominent public figures from those communities, through their talent and effort, and sometimes their unwillingness to accept defeat, have achieved huge success and made a significant contribution to our society—for example, the role models from that most maligned of groups, black men, whom we found through the REACH programme, who now travel across the country, in their own time and for no financial reward, to tell a generation of young men that they too can make it.

It was not always like that. My parents' generation frequently had to settle for less. Theirs was a generation of migrants, working in factories and textile mills, driving buses or cleaning hospitals, in the hope that the dream of a better life would be there for their children to enjoy. The obvious question is whether they got what they hoped for. In some ways, yes, they did. People from black, Asian and minority ethnic groups are increasingly likely to be in employment and to get good exam results, and they are more likely to go into higher education. We have also seen a sea change in attitudes: there is less casual racism and most people are comfortable with and proud of the multi-ethnic country that Great Britain is today.

There are many success stories, in all walks of life. In the media, the judiciary and—dare I say it?—in politics, in medicine, business, teaching and science, in arts and in acting, people from ethnic minority backgrounds have done exceedingly well. However, we cannot sit back and tell ourselves that the job is done. For example, black people's experience of the criminal justice system remains too negative and their representation within it disproportionate. British families of Pakistani and Bengali origin are three times as likely to be on low incomes as white families, and minority ethnic people are still under-represented in institutions such as Parliament. Put simply, too many talented men and women are still being held back from achieving their potential.

The next question to ask is what has been done to tackle the problems. The Race Relations (Amendment) Act 2000 was one of the most far-reaching pieces of equality legislation in the world. One of the fruits of the public inquiry into the circumstances surrounding the death of Stephen Lawrence, it has helped to drive a cultural change across the public sector. People now understand why equality is important and that promoting equality is part and parcel of their jobs. The public sector clearly needs to think hard about the needs of everyone.

We have also invested in programmes and policies to respond to the specific needs of black, Asian and minority ethnic groups—for example, through outreach programmes to help economically inactive minority ethnic women into work. Work done by the Department of Health and the NHS will help to address the needs of minority ethnic groups in the mental health system. Those programmes and policies are based on our belief in fairness, not favours.

In education, the most recent GCSE results are hugely encouraging. In 2003, only a third of British pupils of black Caribbean origin achieved five good GCSEs; in 2008, 54 per cent. did so. A few years ago, British children of Bengali origin were among the lowest achievers of any ethnic group; they are now only one percentage point below the national figure.

We find ourselves today in a very different world from that of 1976, or even that of 1996. The world is changing fast. The Government's work on the wider equality agenda is progressing, with the establishment of the new Equality and Human Rights Commission and an equality Bill to be laid before Parliament shortly.

What are the challenges? Unemployment is still high for many minority ethnic groups, and at board level in most organisations there is still no one who is not white. People from minority ethnic groups often find themselves at less prestigious universities, and too often having a degree is not a guarantee of success in the workplace. Despite significant efforts to reduce disproportionality in the criminal justice system, black people are still several times more likely than others to be stopped and searched or to be imprisoned.

In 2005 we launched the first ever cross-Government race equality strategy, which sought to set out the Government's approach to race equality. More than 100 specific policy commitments were made. The strategy provided a framework for tackling race inequality, and the regular reporting provided valuable accountability and transparency. The reporting period and the action plan have now come to an end. What has not ended, however, is the need to focus on those important issues.

We are in difficult times economically. What will be the effect of the downturn on minority ethnic groups? Evidence suggests that they suffered more than the

*[Mr. Sadiq Khan]*

overall population in previous downturns. It is not yet clear whether that will be repeated. For example, will resentment build up among those who are struggling, and will that threaten good relations between different groups, as some fear it will?

The new framework on equality, the economic problems that we face and the end of the reporting period on our old strategy all mean that the time is right to look at our approach to dealing with race inequality. Recently, on the 10th anniversary of the publication of the Macpherson report, my right hon. Friend the Secretary of State for Communities and Local Government announced that we are beginning a fundamental reappraisal of where we go from here in our efforts to tackle race inequality.

We have published a discussion document, which can be found on the fantastic DCLG website and which invites views from a wide range of stakeholders—the public, the voluntary sector, local government, businesses and unions. We want to know what people think the Government's priorities should be, what further practical measures should be taken, and what action can be taken to ensure that the progress that we have made in narrowing gaps is not reversed by the current economic problems. We want to know how to encourage and support more people from black, Asian and minority ethnic backgrounds to become involved in public life.

We also want to engage in the debate on social class and ethnicity. Some people feel that the presence of minority ethnic communities and recent migrants contributes to the problems faced by poor white communities. They feel that we focus on visible minority groups at the expense of disadvantaged white people. The reality is more complex. However, we must acknowledge those genuine concerns and it is important that we explain why our work on equality is needed.

We must also change the terms of the debate somewhat. It is not simply about dividing limited resources among deprived people; it is about making opportunities available to everyone and raising aspirations. Without doubt, being born into a disadvantaged family, whatever one's ethnicity, makes it much less likely that one will succeed in education and work; one is also more likely to suffer ill health in later life.

The investment that we have made to deal with child poverty, to regenerate neighbourhoods and to improve education and skills for all has made and continues to make a huge difference to the lives of millions. However, I would argue that minority ethnic groups face additional challenges: as well as being much more likely to be poor, and in some cases being disadvantaged by barriers of language, there are other unexplained differences. If we compare like for like—if we take out class, where people live and so on—it can be seen that minority ethnic people do less well. It is that hidden difference, the X factor, that we need to overcome. However, we need to communicate to people the reasons for doing what we do and to show that we take seriously the concerns of those who feel that they are being left behind. That is one of the reasons for consulting on our future approach.

That work does not sit in isolation. Our work on community empowerment will also give people of all races more of a voice. We need to place ever greater power in the hands of communities to enable them to challenge and overcome the problems faced by disadvantaged people. We want to build strong and positive relationships between people of different backgrounds, including those from different ethnic and cultural backgrounds, as well as different faith communities. By focusing on what people have in common, as well as recognising the value of diversity, we can foster a shared vision of the future and a sense of belonging, built upon the strong foundations of equality.

As I have said, over the next few weeks, we will consult with as wide a range of people as possible, through road shows, the internet and other means, to enable us to plan, in an informed manner, our future approach to race equality. I know that hon. Members here will want to take part in that consultation, and I look forward to their contributions, not only in this debate, but to the consultation document.

2.40 pm

**Mr. Paul Goodman** (Wycombe) (Con): This is the first time that I, too, have had the good fortune to serve under your chairmanship, Mr. Bayley. I welcome this debate on future strategy on race equality and, like the Minister, I am delighted at the presence of the other two Front-Bench Members. I also congratulate the Minister on his speech, which contained a minimum—if not none—of the party political nonsense that sometimes obscures debates in this Chamber; I shall try to deal with the issues in exactly the same way. I apologise if I speak for slightly longer than he did, but I shall try not to detain the Chamber for too long.

I shall reflect on my own experience, not as a member of the official Opposition Front-Bench team, but as a constituency Member of Parliament. When I was elected in 2001, the Wycombe Race Equality Council, to whose work I pay tribute, the local district council and other local interest groups were, by and large, focused on important bread-and-butter issues, including homes, schools, jobs and opportunities. However, they were of course also dealing with the effects of discrimination and racism. A few months after my election, 9/11 took place, and since then we have had 7/7 and the attacks on Glasgow airport, which have resulted in a shift of focus. Much discussion in my constituency is now about the threat of violent and more general extremism.

Next week, the Secretary of State for Communities and Local Government is coming to my constituency, which I welcome, and I am sure that she will learn a great deal from the visit. However, the shift in focus suggests that in recent years religion has become a source of potential division, and may have taken the place that race and ethnicity occupied in the 1970s, 1980s and 1990s in terms of the fervour of the discussions that it can arouse—we debated some of those issues in this Chamber yesterday. What is true in my constituency is—I think—also true nationally. Since 9/11, the Cantle reports and the disturbances in Oldham, Rochdale and so on, there has been intense focus on integration and cohesion. Commentators have queued up to denounce what could be called the traditional multicultural settlement, including the Chief Rabbi, the Archbishop of York, John Sentamu, and George Alagiah, the BBC journalist, who apparently has written an entire book attacking multiculturalism. And then, of course, there is Trevor Phillips, the chairman of the Equality and Human Rights Commission.

When I was a Conservative student, Trevor Phillips was a member of the left bloc, and it is for others to judge whether, in the years since then, he has ended up to the right of me. However, in some respects, he seems to have developed his views. He has said that the word "multiculturalism" has ceased to be useful in modern Britain—this is the chairman of the Equality and Human Rights Commission!—and that it suggests separateness. He said bluntly that it is necessary to

"assert a core of Britishness".

We believe that there is much in that, but it is crucial to recognise that specific communities have specific problems and that the equality agenda remains important, and to ensure that attention to it is not lost in the midst of the focus on the important matters of integration and cohesion. Ultimately, the equality agenda is about raising life chances, as is done through the REACH programme and organisations such as those to which the Minister referred.

I welcome the Government's consultation document, and I want to consider the position of equality in Britain today. The traditional picture, which still remains in the public consciousness, is that society is a pyramid, at the top of which is an establishment of Anglo-Saxon, Protestant, public-school-educated men—an establishment from which I am disqualified on two grounds. I shall leave it to hon. Members to ascertain which ones. There is some truth in that picture, but it is misleading, to a degree; the Minister alluded to that in his remarks. He was right to say that we have come a long way, but it is worth putting on the record that Trevor Phillips—him, again—said quite recently that Britain is

"by far the best place in Europe to live if you are not white".

I cannot comment on that particular perspective, but over the years, despite all our difficulties, the vast majority of people in Britain have remained decent, tolerant, hospitable and liberal—in the best sense of the word.

To some degree the traditional pyramid picture, to which I referred, is misleading. To illustrate that, I shall quote some statistics. The group now most likely to achieve five or more GCSE A* to C grades consists of people of Chinese origin. Chinese, Indian and "white Irish" people are now more likely to have degrees than those referred to as "white British" in the 2001 census. The employment rate for Indian men is very close to that for white men. It remains true, of course, as the Minister said and as the Government's research indicates, that black, Asian and minority ethnic groups are, on the whole, far more likely than other groups to have lower levels of academic achievement, to be unemployed and—this is very important—to be victims of racially motivated incidents.

The picture, however, is mixed. Extremist groups, whether Muslims who hate the kuffar, such as those on the streets of Luton this week, or those aligned with the British National party and preaching hatred of Muslims, are trying to exploit the current economic downturn and recession. The Department's research into ethnicity and opportunity indicates that class—were they here in large numbers, Labour Members might appreciate this point—is as much a determinant as ethnicity and religion. In support of that assertion, I cite the thorough work of Munira Mirza, from Policy Exchange, in the report, "Living Apart Together", as well as the Government's own paper, "Tackling race inequalities".

Page 22 of the Government report states:

"Research from the Department for Children, Schools and Families suggests that deprivation has a greater impact on pupils' progress than ethnicity does, and that once factors such as deprivation are controlled, most minority ethnic groups make more progress at school than White British pupils with the same levels of prior attainment and with similar characteristics."

Research tells us many things, and that is a very interesting element buried in the report. In some respects, however, I found the document very cautious and quite hesitant, the reason for which, I think, is that, understandably, Ministers are trying to balance difficult factors of integration and equality.

Ministers are trying to balance the push towards integration, which suggests that funding and support should be provided without regard for ethnicity, with the needs of equality, which suggest that funding and support should sometimes be provided with regard to ethnicity. I want to set out our view on that very difficult balance and ask some questions of the Minister.

First, I will address the issue of multiculturalism because it has been raised by so many people, including Trevor Phillips. To say that Britain is a multicultural society is a statement of the obvious. In essence, we agree with Trevor Phillips that the balance has gone badly wrong. There needs to be more emphasis on the learning and speaking of English and rather less on the automatic translation of documents. The Government are doing some of that work.

My noble Friend Baroness Neville-Jones suggests—it is not policy yet—that history in schools should be a core subject. Moreover, she suggests that there should be a national holiday on the Queen's birthday. Therefore, we are interested to hear the Minister's view on the whole debate of multiculturalism versus integration.

Next, I turn to what might be called Britain's forgotten communities. I have already referred to the neo-Nazi leadership of the British National party and its attempt to stir up hatred and division in Britain's communities. It is undoubtedly true that the BNP seeks to exploit poorer white deprived communities. In that context, it is worth quoting some statistics to illustrate the problems with which mainstream political parties must deal if extremists are not to make headway.

According to the DCSF, in 2007, white British children on free school meals performed worse at GCSE than others. Only 6 per cent. of white boys on free school meals go on to higher education. In ethnic minorities—where there is, of course, considerable variation—the figure is 24 per cent.

The Government document, "Tackling race inequalities" refers to such problems. However, the summary of questions in appendix A refers only to black, Asian and ethnic minority groups. It is worth noting that in the document the Government ask whether there is a need for a separate strategy to tackle race equality, which indicates just how cautious and hesitant their approach is.

Let me move on very quickly to the immensely controversial issue of single-group funding that arises when we consider Britain's forgotten communities. Our view is that, generally, it is better to fund in ways that bring people together rather than in ways that separate them. Single-group funding should not be the norm. It always carries a risk, but one has to look at the whole

*[Mr. Paul Goodman]*

picture; in trying to tackle and remove inequalities that hinder people's life chances, it may sometimes be necessary to have an element of single-group funding. On the whole, though, the presumption should strongly be against it. We are looking closely at that territory, and I shall be interested in hearing the Government's view.

Finally, I am curious to hear the Minister's view on the degree to which the whole social justice agenda, on which my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) and the hon. Member for Nottingham, North (Mr. Allen) have worked together so closely, focuses on early intervention and raising the life chances of people from different ethnic groups who find that there are barriers in their way. Moreover, should that early intervention come in the form of improving the home learning environment, tackling family breakdown, working with parents to improve literacy or tackling peer pressure and the anti-learning culture? In our discussions, we have found that the black Churches and others are extremely receptive to the social justice agenda. Indeed, they have been blazing a trail for it over the years, well ahead of the politicians. Again, I welcome this debate and I look forward to hearing the Minister's response.

2.55 pm

**Lynne Featherstone** (Hornsey and Wood Green) (LD): It is a pleasure to serve under your chairmanship, Mr. Bayley. I, too, welcome this debate. There remains a very real, and sometimes radical, divide in our country. It is clear that there is a need for a future strategy for race equality. One statistic brings that into sharp contrast. The Office for National Statistics shows that in 2005, infant mortality among Pakistani and Caribbean groups was double that of British white children. Therefore, there is health inequality. The Minister referred to the disproportionateness of police stop and search. Such a policy has resulted in more than a third of the black and ethnic minority population being on the DNA database. If there is no evidence of such criminality, most of those on the DNA database would be innocent. Therefore, will the Minister tell us whether the DNA that is taken from those who are found to be innocent could be destroyed?

The level of disparity that remains in this country should set alarm bells ringing. As the hon. Member for Wycombe (Mr. Goodman) said, racial inequality is compounded by deprivation and results in tensions and flash points. A few years ago, we saw what happened when France and Holland buried their heads in the sand. Race riots were sparked by the incendiary devices of neglect, inequality and segregation. It is much better to confront and address such challenges before we are at real risk of internecine strife or the hideous bile of the far right. There is no doubt that in an economic downturn, the far right will be looking to exploit and play upon people's fears. Therefore, if we want a better future, we must reduce the chasms that separate us all and reduce that which divides.

We must address the three issues that divide us—there are more, but I will limit myself to three for today. First, there is a divide between the "already heres" and the newcomers. I am not necessarily talking about black against white, but those races who are already here versus those races who are newly arrived. I speak from my experience in my constituency of Hornsey and Wood Green, which is hugely ethnically diverse. It is a phenomenal place in which to work. I feel privileged to be its Member of Parliament.

In my surgeries, I hear people say, "It's not fair because immigrants and asylum seekers get the houses first." They often tell me about someone they know down the road who has jumped the queue. However, they never give me any evidence because they are too frightened. Whether such behaviour is true or whether it is perceived, it builds tension, thereby allowing the far right to make inroads into that community. Moreover, it leads to the very deep and unresolved schism of need versus entitlement which hinders the allocation of scarce public resources. We must address those issues around the holy grail of need head-on to balance it more fairly with the entitlements of the "already heres".

Such a problem is most acute when it comes to housing allocation. Housing in Haringey is in very short supply. We are a welcoming borough with a range of different communities—we would be here all day if I listed them—and, not unnaturally, people's relatives and friends come to an area in which there is an existing community. Therefore, the pressure on housing in Haringey is acute. I will be interested to hear what the Minister thinks about that.

We need an absolutely fair system of allocation that addresses the clash of need against entitlement. Not only does the system need to be fair, it needs to be seen to be fair, so it needs to be published and audited. Right now, housing allocation rules are often obscure and unpublicised, which feeds rumours and hatred. For people to understand and agree with the fairness of the system, there needs to be participation in the decisions on the process and system in the first place. We need equality of who gets what, why and where in housing allocation. People need to see it and agree to it so that the BNP cannot work up the hatreds that are so easy to prey upon when there is a fight over scarce public resources.

Secondly, we need to address segregation when it becomes extreme or hostile to communities. Communities can become separate from, and almost non-participatory in, the more general life of the country. In that regard, we need to address schooling. The common parental preference is for a school where the majority of pupils match the ethnicity or race of their own child. In some ways, that is only natural, but it almost certainly exacerbates segregation, unless counter-mechanisms are introduced. Lord knows, that that is a difficult road to go down.

As recently as last week, on the day parents throughout the country found out whether their children had secured a place at the secondary school of their choice, the Secretary of State for Children, Schools and Families ordered a review into the allocation lottery for school places. No party in the House has reached a consensus on school place allocation lotteries. They have obvious pitfalls and are not necessarily the answer. As a Liberal Democrat, I think that a local school is the answer, but the fact that people can afford houses near a local school in, say, Muswell Hill means that that school's catchment will have an advantage that children elsewhere might not have.

The Liberal Democrats' new policy is to give a child who faces deprivation and challenges, which often means ethnic minority children, a package of money. We call it

the pupil premium. The package goes with the child, so the school that accepts them will have the resources to meet their needs above and beyond what is normal. We would also cut infant class sizes to the same number as private schools to give children the same opportunities. In a way, we need an intensification of resources where the challenges are greater.

Of course, a lot of softer measures are available. Sport is often talked about in terms of integration and it is a fantastic way of bringing communities together, but we need to think much more widely, which could mean twinning towns with middle east towns rather than French towns, having schools of different faiths that share common facilities and work together, and looking at what history we teach. It could be time for more Suleiman the Great and less Napoleon, but I could not possibly comment on that.

The third of the great divides that we have to tackle was referred to by the hon. Member for Wycombe. We need to bridge the discrimination against, and fear of, Muslims, which are greater than for any other group. So much damage has been done to the image of Muslims by the reporting of news from overseas of so-called Islamic terrorists. However, when those who are fighting the terrorists, or the victims of their terrorism, are also Muslim, it goes unmentioned by the media. The drip-drip effect of linking the words "Muslim" and "terrorism", but not linking the words "victim" with "Muslim" in the same way, is pernicious.

**Mr. Goodman:** Does the hon. Lady agree, given that we have a debate once a year on anti-Semitism, that the time may well have come to give serious consideration to having a debate in Government time on Islamophobia?

**Lynne Featherstone:** Yes, that is very good idea. The more we can bring up these issues, the better. To be fair, the Government have done a great deal of work on integration and work to tackle extremism in communities. A lot of work is being done by Muslim anti-terrorism groups. I go to our Mosque in Wightman road and meet swathes of young Muslims. They have a variety of views, but the thing is to go in there and engage in the debate and not to be separate and avoid touching it. Such debate in Parliament would be a very good idea.

I just touched on the language problem—I said that it is pernicious—and I would love the Minister to address it. I have not come up with a solution that would attract the media to my cause, but the coverage I talked about builds a grossly unfair image. Jewish people in this country are feeling very vulnerable because of what is happening in the middle east, and all our communities need to be protected from over-zealousness, pejorative description and other such things. A lot of work is done in Haringey across the faiths, races and cultures. After 7/7, we were pleased that there was not a single incident against anyone because of that work. However, it is not easy. A number of rising tensions need to be addressed.

Part of the solution is always to be firm in our values. We live in a democracy. No group—Muslims, Jews, Christians or anyone else—has a right to express disagreement with a democratically elected Government by any means other than peaceful protest or political campaigning within the law. That is a non-negotiable first principle for everyone who lives in this country.

Any strategy for future race equality must involve improved communications; funding initiatives and schemes that encourage communities together, meaning the end of separate funding or looking at the effect that such funding has; locally negotiated compromises and fairness and transparency in the allocation of scarce public resources; reduction in health and education inequalities; the use of politics as a uniting rather than a dividing force; a more realistic understanding of the negative impact of our foreign policy, which has huge repercussions in this country; and a greater degree of mutual understanding and cultural awareness.

Like the Minister, I cannot discuss race without mentioning the forthcoming equality Bill—I am not sure when it will come forth—which represents an opportunity to address race inequality. The Liberal Democrats are slightly concerned at the tone of the debate, which involves Lord Mandelson, ahead of the Bill. He seems to be indicating, by smoke signals, that he is the friend of business, and business is undoubtedly a prime concern during an economic downturn. However, the trade press and the right-leaning press have been littered with scare stories vilifying the Bill. The tiny bit of the Bill on positive action, which would allow an employer, when all other things are equal and if applicants are equally qualified, to choose the applicant who balances the work force and, for instance, employ a male or black teacher, is such a no-brainer. That happens anyway with those who wish to balance the work force. It is enabling, not forcing, but one would think, reading the tabloid press, that the world had ended because of that small, very good suggestion from the Government. There are a lot of scare stories vilifying the Bill, with Lord Mandelson stepping in to save business. However, I cannot stress strongly enough that to pit equality against the needs of the economy is a completely false dichotomy. The needs of those who face discrimination do not stop where the needs of British business begin.

As social problems go, race discrimination is pretty well documented. Hon. Members are right that there is a view that closing the equality gap will be as much an advantage in some other strands of inequality as anything else. The widening equality gap ultimately makes it harder to right wrongs. In fact, we could end up pouring endless amounts of money in at one end of the spectrum, which those who are paying in but getting nothing out would resent. What we see across Europe is that narrowing the equality gap makes things better for all citizens, wherever they are on the spectrum. That is an important change in the way in which we see inequality and racial inequality. Whichever measurement we choose, however, there are relatively few areas where not being white puts people on top.

When it comes to tackling the issues raised in the equality Bill, my suspicion is that Ministers' hearts are totally in the right place, but effective measures and changes need to be implemented. I therefore look forward to the Bill's introduction.

3.10 pm

**Mr. Eric Joyce** (Falkirk) (Lab): In following on from the excellent speech by the hon. Member for Hornsey and Wood Green (Lynne Featherstone), I am being a bit opportunistic because I just want to make a quick point that I had hoped to make in an intervention.

*[Mr. Eric Joyce]*

For a short period between a previous job and coming to this place, I worked for the Commission for Racial Equality. Part of my job involved funding race equality councils across Scotland. It was always a problem to disentangle genuine racial equality issues from local political issues and all sorts of other issues that can embed themselves in any locally funded body. Sometimes, different minority ethnic groups were trying to seize control of a body; at other times, there would be different imperatives, and everybody involved in racial equality issues is pretty clear about all that.

The events of a couple of days ago were interesting. Some people protested very loudly when a battalion that had just returned from Iraq marched through their town. From the media coverage—I do not blame the media for this—it was easy to get the impression that this was essentially a racial equality issue, but that was to misunderstand and conflate two quite separate things. One was to do with racial equality, which is a live issue for all parties, and certainly for the Government. The other was to do with political dissent and with people's right to voice a view, although these particular individuals unwisely chose to capitalise on the likely coverage by taking an extreme position.

The important point, however, is that there was some response in the media from some pretty good individuals, who felt it necessary to defend people's right to make extreme statements in the free society in which we live. However, they did so from the perspective of racial equality, reflecting the nature of bodies that they directed or were chief executive of. It is important to say that the people who run race equality councils and other bodies that the Home Office still helps to fund, which are well-meaning and often very effective, although that can vary, sometimes have to keep certain local groupings happy while pursuing a race equality agenda in their areas. For the past couple of days in the media, there has been some misunderstanding of those two roles, which are easily conflated.

I simply wanted to make the point that the protest was bad, ill-advised and designed to get in the public eye. The fact that these guys happened to be from a minority ethnic group was largely irrelevant from the racial equality perspective. The protest was entirely a matter of political dissent. Although most people in this place understand that point, it is important to make it clear.

3.13 pm

**Mr. Khan:** I thank all the hon. Members who have contributed to the debate. One problem with the hon. Members for Wycombe (Mr. Goodman) and for Hornsey and Wood Green (Lynne Featherstone) is that they speak sense so much of the time. Ministers come prepared for a ding-dong, but the hon. Members disappoint us by being so reasonable and making so many good points. Let me deal with some of those that they have raised.

The hon. Gentleman talked about his experiences as a constituency MP and about the huge contribution that his minority communities have made to his views. In particular, he made an important point—I use my words rather than his—when he queried whether faith was the new race in terms of people's experiences and how people define themselves. He also touched on the challenges facing Britons of Muslim faith.

The hon. Gentleman went on to talk about multiculturalism, but it means different things to different people. When we analyse what Trevor Phillips and George Alagiah have said, we must ask ourselves how they define multiculturalism before they knock it down—it is the straw man argument.

When I visited the hon. Gentleman's constituency, as my right hon. Friend the Secretary of State will next week, I was impressed by the inter-faith work that was going on. What was remarkable, although not for those of us involved in this line of work, was the fact that majority communities and members of other faiths were putting out the hand of friendship and helping minority communities of Muslim faith to feel empowered and confident enough to raise their concerns. That inter-faith work is analogous to the best of the inter-racial work that went on in the previous life of my hon. Friend the Member for Falkirk (Mr. Joyce), when he dealt with the CRE and the RECs.

The hon. Gentleman said that raising life chances was the key, and I could not agree more. The discussions that took place following the publication of the White Paper and in the days and weeks leading up to the publication of the equality Bill were about raising life chances, and that has been the cornerstone of what the Government have been about for the past 12 years.

The hon. Gentleman quoted Trevor Phillips as saying that the UK is the best place to live if someone is non-white, and I would endorse and, indeed, extend that. I try to be a practising Muslim. I was born and raised in the UK and have lived here all my life. I often travel overseas and meet Muslims from other countries and of other nationalities. I would go so far as to say that, as a Muslim who seeks to practise his religion, I can think of no other place where I would rather practise it. People here have the ability to go to a place of worship and pray in a congregation; to bury a loved one following Islamic rites of passage; to eat food that reflects their faith; to wear the clothes that they choose to wear, whether they are a woman or a man; and to show political dissent—my hon. Friend referred to the right to protest, but that right is not enjoyed by many Muslim citizens of other countries. I therefore echo and extend the words of Trevor Phillips.

I was pleased when the hon. Gentleman spoke of the need to attack deprivation, because that view has been the cornerstone of many of the policies that the Government have pushed over the past 12 years and which we will push in the next period.

The hon. Gentleman used the phrase "forgotten communities". Although he was not using it in this way, it is, as he said, often used by the far right to whip up a frenzy, and the hon. Member for Hornsey and Wood Green also touched on that. However, if the hon. Gentleman analyses Government policies over the past 12 years, such as Sure Start, our investment in state schools and children's centres, neighbourhood renewal, tax credits for working parents, the minimum wage and the steps that we have taken to deal with public health issues such as obesity, smoking cessation and sexually transmitted diseases, he will see that they have indirectly targeted and helped those so-called forgotten communities. I therefore do not accept that those communities have

been forgotten. We have taken many steps to deal with some of the problems and challenges that they face in ordinary life.

The hon. Gentleman made a good point about the importance of English. We should not be scared of saying that English is a crucial part of the social ladder and that one needs to be on top of the language if one wants to climb that ladder. People simply cannot speak to their neighbours, do well at school, ask questions of their children's teachers, get involved in the governing body or the parent-teacher association at their children's school, progress at work or get a job in the first place if they cannot speak the language. It is therefore important that we do not shy away from recognising the importance of English.

The hon. Gentleman went on to talk about the single group funding debate. He will be aware of the legal challenge brought by Southall Black Sisters against Ealing council, which was supported by the Government. Our policy on single group funding is clear: central Government will not dictate what should and should not be funded at local level. Each place will be different and have different needs. Clearly, there will still be a need for centres that provide specific services to local and minority communities, and that could include women. There are examples of great projects across the country, and it is for local communities to make decisions about such projects. We hope that funders—that means local councils—will take a measured approach, drawing on their knowledge of what happens in their neighbourhoods when they distribute funding. We hope that they will acknowledge the needs of groups that require single group funding, while bearing in mind the need to promote meaningful interaction. We will also ask that funding decisions be communicated effectively to the wider community, to mitigate the risk of myths developing. That was a key point arising from the tenor of the hon. Gentleman's remarks.

In relation to the excellent work being done on social justice, in which members of both major parties are involved, and the importance of early intervention, I could not agree more with the hon. Gentleman. That is one reason why we have been obsessed with Sure Start, parenting skills and all the other things that help people to become better parents and benefit society in the longer term. A cost-benefit analysis of early intervention shows that there are benefits; but they do not appear for a generation. If we intervene early for the child, the reduction in antisocial behaviour and the improvement in educational attainment will not be apparent for 15 or 16 years at least.

The hon. Lady also made an excellent speech. Her comments about the DNA database are noted. She will of course be aware of the recent case in the European Court of Human Rights and the fact that my right hon. Friend the Home Secretary is looking into its implications, so I shall not comment on it. Her speech had three themes, the first of which was about those who are already here versus new arrivals—the "it's not fair" argument. There are two points I want to make about that: first, we need to bust the myths. There are a lot of myths out there and we need to deal with them. Many people have genuine concerns because of things they have been told, which are perpetuated.

The hon. Lady raised a substantive concern, however, which is not a myth, about the allocation of finite resources. Housing is a good example. When demand is greater than supply there will always be rationing, and the way in which those finite resources are rationed is important. The debate about need versus entitlement has gone on for 40 years, and it is important for politicians to be alive to the need for openness and transparency in the allocation of finite resources. The hon. Lady's point about that was important and welcome. However, I would say—I am still trying not to be party political, but I cannot help myself—£8 billion pounds of investment in the next three years for building more houses will increase the supply of housing. Of course, we have spent the last 12 years trying to improve the quality of the existing supply, but there is a huge demand and we need to ensure that we can meet it.

The hon. Lady's second point was about segregation, particularly in schools. She and the hon. Gentleman will have witnessed as I have so-called middle-class flight in an area and the ability of some parents to buy a house next to a good school. We have taken steps to try to ameliorate some of the problems with the recently introduced school admissions code, which will help, and, for example, by having Ofsted inspect schools to ensure that they promote community cohesion. The hon. Lady cited twinning, the sharing by schools of resources, and the curriculum as possibilities for good practice. We need to ensure that all schools try to improve integration, not only within the school—intra-pupil integration—but between schools. The hon. Lady made an important point, which was not just pious words, but something that we need to take on board and act on—that all schools need to be good schools. The sooner all schools are excellent schools, the less concerned parents will be that they cannot get the choice they want for their children.

The final point that the hon. Lady made was in the important passage in her speech about Islamophobia. She said something which is sometimes lost on the media: some perpetrators of horrific acts of terror may be people who claim to follow the faith of Islam—although they have a perverse interpretation of it—but many of the victims follow it too. That is missed by the media. Muslims died on 9/11, on 7 July 2005, in Istanbul, Bali and Mumbai, and in the Marriott hotel in Islamabad. The six police officers and one driver who died in Lahore were all Muslim. We should not forget that, and should bear it in mind that in a city such as London, where 40 per cent. of British Muslims live, the victims of terrorism will inevitably include many Muslims. It is worth pausing and realising—I am not talking about self-interest—that that is probably one reason for the fact that the vast majority of Muslims are also committed to and obsessed with making sure that they deal with the pernicious individuals who pervert their religion.

The hon. Lady talked about the media. It is often said in jest—perhaps it will become reality—that if only we could nationalise the media it would be possible to control what they say about us. She knows the limitations affecting us, but we can make sure that young citizens are empowered to challenge the media by writing to editors—and in other ways. We have a Muslim young advisory group and a Muslim women's advisory group, who are becoming more empowered and taking on the media as empowered citizens.

I cannot end without commenting on the hon. Lady's comments about my noble Friend Lord Mandelson. First, she should not believe all that she reads in the press; he is not the bogeyman. I take on board the point

*[Mr. Khan]*

that positive action is not the same as positive discrimination. The Government are aware that equality is good for the individual, society and the economy. We know that and understand the strength in it. That is one reason for our keenness on a single equality Act to deal with inequality and bring about a fairer and more equal society, in preference to several different items of primary and secondary legislation, and directives from Europe.

My hon. Friend made an important contribution about something that is hot and relevant because of events this week. In a clever and acute way, which I wish the media had adopted, he disentangled the rights that people may have to protest—and we have a long and rich history, including in this place, of political dissent. He will know that the 20 or so individuals who wanted to use the rights accorded to them as British citizens caused huge problems of tension within the community for the vast majority of other citizens of Muslim faith who disagree with them. Those people may disagree about what happened in Iraq or Afghanistan, but they do not agree that it is appropriate or sensitive to act in such a way at a homecoming march for people who have risked their lives and some of whose colleagues have died—and my hon. Friend will know more about that than I do from his previous life. It must be put in context.

There were people at that homecoming march whose prayers had come true, because their loved ones had come home. Some had lost loved ones overseas. What happened was an act of callous insensitivity on the part of the 20 or so people concerned. That is not to take away their right to protest and express their opinion. My hon. Friend is right to say that we must be careful, when we belong to organisations, about putting across an opinion and perhaps giving the impression that it is the opinion of a faith, race or group, when it is really just an individual opinion. No one faith or race has a monopoly on protest or political dissent.

This has been an excellent debate. I thank hon. Members for its quality and the seriousness with which they have contributed to it. People who read the report of the debate will see that hon. Members of all political parties in the House are determined to make Britain the fairest, most equal country in the world. The parliamentarians in this place will make that happen sooner rather than later.

*Question put and agreed to.*

3.28 pm

*Sitting adjourned.*

# Westminster Hall

*Tuesday 17 March 2009*

[Miss Anne Begg *in the Chair*]

## UK Energy (Coal)

*Motion made, and Question proposed,* That the sitting be now adjourned.—*(Barbara Keeley.)*

9.30 am

**Mr. David Anderson** (Blaydon) (Lab): It is a great privilege to be here this morning in front of you, Miss Begg, and some eminent colleagues. I declare a number of interests: I am the chair of the all-party coalfield communities group and of the clean coal coalition, and I am very proud to be a member of the Durham Colliery Mechanics Association.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): Will my hon. Friend give way?

**Mr. Anderson:** Already? Yes.

**David Taylor:** Does my hon. Friend acknowledge how highly predictable it is that not a single member of the Conservative party is present for the start of this debate? It just goes to show that on the 25th anniversary of the coal strike, the only miners that they are concerned about is our noble Friend—Lord Myners—the banking Minister.

**Mr. Anderson:** I could not possibly comment, except to say that their absence is not unusual, because they have never shown any interest in coal, apart from when the issue was how to get rid of the coal industry and to destroy working-class organisations. If they do not attend today, it will show even more that they are not interested in what we are talking about. But this is not just about what has happened in the past; this is about the future for this country.

We live in very strange times. Everybody wants to be green and to have clean power, but, at the same time, everybody wants more power, more gadgets, fridges the size of wardrobes, air conditioning, ice for their drinks, and to drive 4x4s. There is huge demand, but, at the same time, resources are dwindling. Newcastle university supplied me with figures showing that production of oil and gas in the North sea reached its peak in about 1999. Global production is projected to peak between 2017 and 2021, and BP's own estimate is that oil will have depleted by 2050 and gas by 2070.

So, we turn to nuclear. But building and decommissioning nuclear plants is very carbon-intensive, and even if we get everything right—including transportation, construction and decommissioning—about nuclear, and that is a big if, one thing that strikes me is that figures, again supplied by Newcastle university, show that there are estimated to be only 50 years' worth of viable uranium reserves in stable countries—in Canada and Australia, in particular. Beyond that, we would damage other parts of the environment to get at uranium.

I am a big supporter of renewables and want a massive move towards such energy in this country, because that is the way to engage our young people in engineering and in the whole move forward. But, sadly, no matter what we put in place, be it wave power, artificial islands, turbines or bore holes, they will all be good and contribute but they will not contribute enough to fill the energy gap. On wind power, in particular, the coldest days in this country, when we need more power than ever, are the days when the wind does not blow, so what good is that to sustaining base load electricity production? The world is rising to the challenge, however. Jeep, in America, is developing electric Jeeps—big 4x4s—that can do about 90mph and 400 miles on eight gallons of petrol, so we know that we are in a different world from that we have been in for most of our lives. Hyundai is developing people carriers, and this country is developing electric Range Rovers, which could cut running costs by a projected 80 per cent.

The truth is, however, that we cannot fill the energy gap in this country unless we use coal. In my constituency, we are promoting the development of new types of technology. We are going into something that is talked about time and again in these debates—carbon capture and storage. One North East, the regional development agency, has given me a brief for this morning's debate, and Members should listen to what we are putting forward in our area: a carbon grid and storage proposal on Teesside; £1.5 million of planned investment by Progressive Energy and Centrica in a 1 GW coal-fired gas station at Eston in the Tees valley; £2 billion of planned investment by RWE npower in a 2.4 GW power station on the site of the former Blyth power station in Northumberland; and the potential use of Rio Tinto Alcan's plant at Lynemouth in Northumberland for retrofit solutions to get rid of stored carbon. That plant was fed for years by Lynemouth and Ellington collieries, which have both closed in the past two years as a direct result of the failure by the people who run those companies to invest properly and to keep them open at a time when we need them.

**Bob Spink** (Castle Point) (Ind): I congratulate the hon. Gentleman on bringing a most important subject to the attention of the House. He mentioned carbon capture and storage but moved on very quickly, although I am sure that he will return to the subject. Does he share my slight disappointment that although we could lead the world in that technology, our demonstration plant will not come on line until 2014 or, given how the Government have invested in it, become commercially viable until 2020? That is just too long, and I want it brought forward so that we can use the coal that we have in this country.

**Mr. Anderson:** I will return to that issue, because everybody is talking about it. But that is all we appear to do—talk about it. One thing that I will put to the Minister is that the time for talking is finished.

**Mr. William Cash** (Stone) (Con): The hon. Gentleman may deal with this issue later, but does he agree that we must concentrate on—according to estimates that I have seen—the 300 years' worth of coal that we have in this country? If carbon capture and storage were put forward seriously, it would safeguard this country, in terms of foreign security, let alone energy security, from the potentially disastrous consequences of depending on other countries for our energy supply.

**Mr. Anderson:** I thank the hon. Gentleman for that intervention. That is one key issue to which I shall return. The change that I have seen in my short time as a Member relates to what happened last summer, when petrol prices got out of control across the world. It made people in this country, particularly Ministers, finally realise that what some of us had been saying for many years about coal was true. The Americans have also realised it, and they are going at it in a big way.

I come from an area with one of the world's oldest coalfields, yet it is estimated that we have tapped only 25 per cent. of the north-east's reserves, and that is why the north-east branch of the National Union of Mineworkers has asked the Government to support it in conducting feasibility studies of two drifts near Sunderland and near Amble in Northumberland. They could enable access to 400 million tonnes of proven reserves and create 7,000 jobs. The branch is working alongside One North East and north-east universities such as Durham and Newcastle and saying to us that if we are serious, the reserves are there and we need to go and get them, because they will give us long-term protection.

We need coal. It is a con that we do not burn coal in this country. We talked earlier, before Opposition colleagues arrived, about what happened 25 years ago when we stopped using British coal, but the truth is that we still burn half as much coal—65 million tonnes—as we did 20 years ago. During the past 12 years, we have imported 372 million tonnes of coal. In 1996, coal imports represented only about 26 per cent. of the total, but, by last year, they had gone up to 72 per cent.—a huge leap.

**Mr. Jim Devine** (Livingston) (Lab): Does my hon. Friend know from which countries we import that coal, and how stable they are?

**Mr. Anderson:** I do, and I shall come on to that. My hon. Friend will not be surprised to know that they are not very stable.

In 2007, we imported 43 million tonnes of coal, of which 22 million, more than half, came from Russia. Responding to a question that I raised, the Minister with responsibility for coal said that the value of those imports was £2.072 billion. So, we have exported more than £2 billion of our money to bring in foreign coal. The cost to our balance of payments has been a massive £2 billion, and our dependence on Russian coal is both startling and frightening. This whole debate is about how green we are, and it is not very green to transport millions of tonnes of coal halfway around the world.

The real scandal and even greater cost, however, is the human cost, because that coal is covered in blood. More than 5,000 deaths a year occur in the coal mines of China: four deaths for every million tonnes of coal that are mined. That is bad. But it is even worse in Ukraine, where the death rate is seven deaths per million tonnes. To put those figures into perspective, the last time the death rates in the UK industry were as high as those in China was in the 1920s, and we have to go back to the 1880s to find rates as high as those in Ukraine. Hon. Members should consider what life was like in the 1880s in the places that they represent, compared with now. That is what we are talking about. That is whywe are subsidising coal. We have done away withBritish Coal—the cleanest, safest coal industry in the world—and we are relying on cheap imports based on death and dying. There is blood on the coal; there is no doubt about it. We are doing this for cost.

I should like hon. Members to think about something tonight when they go home. On walking into their houses or flats, putting the light on, turning the television on and turning the heating up, and even putting the electric blanket on if it is cold, they should just think that tonight 20 Chinese miners will not be going home—not tonight; not ever again. That is the cost of importing coal into this country. There will be more deaths than that in Ukraine.

About 10 years ago there was a potential disaster at a mine called Quecreek in Somerset county, Pennsylvania. Guys were trapped underground in an air pocket and, thankfully, thanks to bore holes being drilled, they were rescued. But for three days the whole world held its breath. There were nine men involved. Twice that many will die in China today, on average.

If we were talking about importing leather footballs made by kids, perfumes that had been tested on animals or cheap T-shirts from sweatshops, we would say, "No, this is disgraceful." But it is coal, so nobody cares. Well, somebody cares. I was approached by one of the boiler manufacturers this morning by e-mail, saying, "Do you think it's wise to mention the true cost of importing coal?" I think it is wise; it is a moral question for our Government. We have to answer the question: "Are we happy to carry on burning coal that has been produced in that way?" It does not have to be like that. This country was like that. In the 1930s, a miner was killed every six hours in this country, but at the height of the mining industry in the 1970s and 80s, the numbers were down almost into single figures. Yes, mining will always be a dangerous occupation and people realise that, but with proper investment and technology it can be made much safer in every sense. That is the reality.

**David Taylor:** Does my hon. Friend recognise that the international markets are deaf to the cries of Chinese widows and Ukrainian orphans? All they look at is the imported cost per tonne, which has varied between £40, approximately, and £150 a tonne in recent years. UK coal mines need a price of about £50 a tonne even to give a moderate profit in respect of operations. How do we bridge that gap?

**Mr. Anderson:** Should we try to bridge that gap? Should we be dictated to by companies that say that life is cheap? The last time I was in this Chamber, a number of colleagues were talking about the scandal of asbestos. This is exactly the same argument. We could have carried on using asbestos and we could have accepted that people kept getting killed. But we should not do that. We are a civilised nation and we should not be taking coal and getting it cheap from people who are exploiting others and letting them die. It is out of order.

People might say, "If we do not use coal from Russia and China, where are we going to get it from? We might carry on getting it from Colombia, where it is produced with child labour." However, we could get it from this country. I want to read directly from a note that was prepared for my hon. Friend the Member for Midlothian (Mr. Hamilton) who was going to address a miners' conference last year. He had asked for a brief on nuclear potential, which I shall read word for word:

"In 2006, the Coal Authority estimated that there were more than 600 million tonnes of coal in established and accessible UK reserves. Importantly, in British Coal's 1992 annual report, it estimated that 190 billion tonnes of coal lay underneath the UK, of which 45 billion tonnes could be extracted using the then known techniques. Of course, a lot of progress has been made since. British Coal estimated that the pits then open—before the 1992 closures—had 1.1 billion tonnes in classified reserves that could be economically extracted. To put those estimates in context, total UK coal output between 1853 and 2006 was only 22.7 billion tonnes. That gives us some sense of what is left now—even after the whole industrial revolution and two world wars. Some 22.7 billion tonnes has been used since 1853, and the estimate is that 190 billion tonnes of coal lies underneath the UK".

That is not Arthur Scargill or the National Union of Mineworkers speaking, but the Department responsible for the coal industry in this country.

**Mr. Cash:** I hope the hon. Gentleman will not mind my mentioning the fact that that is precisely why, in 1992, I was one of only four Conservative Members who voted against the pit closures. That represents the problem that we now have to face in terms of our ability to use that coal to secure our own country's future.

**Mr. Anderson:** I accept that the hon. Gentleman took the correct decision at that time. Sadly, overall we did not. Everybody who was involved at the time accepted the fact that we were closing mines that were potentially serious competitors, going forward. Those mines should have been protected.

It has been estimated that in the last 40 years in the north-east alone more than 500 million tonnes of coal has been sterilised by premature closures. Nationally, that figure is well in excess of 1 billion tonnes. That figure is for coal at less than 800 m deep, which is easily worked with today's technology.

**Dr. Hywel Francis** (Aberavon) (Lab): I congratulate my hon. Friend on securing this excellent Adjournment debate. I am sure that he is aware of the Welsh Affairs Committee report on energy, in which there is a strong recommendation that endorses all the points that he makes, particularly in relation to carbon capture technology. The report emphasises that to exploit this coal we need to invest not only in carbon capture technology, but in skills, including higher-level skills, and mining degrees. Has he undertaken any survey of what is available in terms of skills training across the UK and would he endorse my view that it is underdeveloped and needs to be focused on, particularly by the UK Government and the devolved Administrations?

**Mr. Anderson:** That is a key question. The average age of miners in this country is 49 and the skills will be lost when they go. We have raised that issue with the Secretary of State and he is clear that, if we are going to have a mining industry, we have to look at the skills level. The truth is that the National Coal Board had some of the best training facilities anywhere in the world, which led to our having the safest, most technologically advanced coal industry in the world, as I said earlier. That is a major issue, whatever we choose to do.

We cannot close the energy gap without coal, wherever we get it from, and we must burn coal more cleanly, which means investing in carbon capture and storage. There is, as was mentioned earlier, a proposed demonstration project out for tender. But everyone in the industry who I speak to is saying, "When's it going to happen and will it be enough? Is it going to be big enough." One demonstration project will not show the way. We must get on as quickly as possible with demonstration projects. We should also give further support, particularly, as I have mentioned, to some of the initiatives in the north-east and certainly the positive one advanced by Yorkshire Forward, linking with Hatfield colliery in the Secretary of State's constituency, which will allow the infrastructure that is already in place to bring oil and gas out of the North sea to be used to take carbon back out and store it under the North sea. We can lead the world on this if we get our act together; if we do not, we will be left behind.

**Simon Hughes** (North Southwark and Bermondsey) (LD): I fully endorse what the hon. Gentleman says. A delegation from California that leads on these issues in the United States is in the UK and Brussels this week. I asked the delegates expressly whether the technology is available to develop the carbon capture and storage that they need and we need. They were clear that it is not about a lack of technology, but is a question of will: being willing to have the finance in the right place and having the priorities right.

**Mr. Anderson:** The hon. Gentleman is correct. Everybody accepts that the technology will work. However, it has not been tested on the scale that we need. It all comes back to a discussion that we had before about where the investment is coming from. A private stakeholder in BP would probably say, "I don't want you investing in clean coal and carbon capture. I want you to go out and exploit some more Chinese miners or get some cheap gas from somewhere else in the world and we will drag it round the world in tankers." But as serious, legitimate people who are worried about the impact on our country in terms of stability, security, jobs and climate, we must say, "Sorry, but these things do not add up." We must say to the investors that we as a Government will play our part, and we will not ask but insist that they do what is necessary, or we will not work with them.

**Mr. Cash:** Proposals for wind turbines in my constituency are complete rubbish. Vast subsidies are available, but Professor Dieter Helm and even Sir David King, chief scientific adviser to the former Prime Minister, say that wind turbines do not work well onshore. Money is being pumped into those ridiculous proposals, which will achieve nothing, when we could be putting it into the extremely important area that the hon. Gentleman is discussing in his very good speech.

**Mr. Anderson:** I do not accept that wind turbines will do no good. I believe that they will not do as much good as some people preach. The huge carbon footprint involved in building and maintaining them is ignored, and that will probably be even worse with offshore turbines, but that does not mean that we should turn our back on them—

**Mr. Cash:** I was talking about onshore turbines.

**Mr. Anderson:** Neither onshore nor offshore wind turbines are the panacea that some people claim. My clear argument is that there is a key role for coal, but one process should not be set against another; they should all be used together.

*[Mr. David Anderson]*

We should exploit our reserves, including those in the vale of Belvoir, Margam in south Wales, south-west Scotland, and other proven areas throughout the country. I mentioned the reserves off the North sea coast and—I am sure that my hon. Friend the Member for Sherwood (Paddy Tipping) will pick this up—the Minister is aware of the trade unions' request to help them to move strategically from Welbeck colliery to Harworth colliery to access 40 million tonnes of coal, and to keep hundreds of men in work. My understanding is that the current position of the Department of Energy and Climate Change is that it cannot get involved because of European legislation. I am sorry, but we must get involved and we must provide support.

9.52 am

**Willie Rennie** (Dunfermline and West Fife) (LD): Coal has been a key part of Fife life for generations, and never more king than in the kingdom of Fife. The connection between coalfields and communities in Fife has been broken in recent years. The last coal mine at Longannet closed in 2002, when there was a massive influx of commuters from Edinburgh, which changed the nature of the Fife community and the relationship with coalfields. That has had a significant impact on the coalfields' viability and on the livelihoods of miners. I shall return to some of the issues involved.

There are few signs in Fife of its mining heritage. From the end of my road, I can see the Mary pit winding gear; there is a mining museum at Kinglassie; and at High Valleyfield there is a statue of mothers waiting for miners to return from the 1939 pit disaster. But those are the only connections to be seen in Fife, and that reflects the industry's decline, which is one barrier that we must overcome if we are again to make coal central to the Fife economy. There have been applications for open-cast mines in recent years, which have faced vociferous opposition from people who have moved into the area. Unless we can re-establish that connection, we will not be able to exploit the resources under our feet.

**David Taylor:** Open-cast mining seems to be a separate issue north and south of the border. In England, particularly in the east midlands and north-west Leicestershire, open-casting is seen as the most environmentally despoiling and economically destructive of all mineral activities. The problem with the expansion of coal-fired generation is that the UK Coals of this world whisper into Ministers' ears and—hey presto!—controversial applications are nodded through with weak environmental constraints imposed on them. Is that not the case in Scotland? It is not just middle-class people who have moved into an area who object; it is people who worked in pits that closed 10 or 15 years ago.

**Willie Rennie:** I think that that is true. It is not just middle-class people who move into such communities who object. People who have lived there for generations also object to open-cast mining. The companies have a huge responsibility to up their standards and to reduce the environmental impact on the communities in which they exploit the coal. If open-cast mining is to continue, they must address those issues. An application for an open-cast mine near Saline was approved by Fife council, but there is huge opposition from the people who live within 500 m of the site. The communities affected feel that the proposal has been foisted on them, so they are resentful. Down the road in Oakley, which is a former mining community, there is less resistance, because, I suspect, it has lived with coal for many years and does not see the negative impacts in the same way. The difference between the two communities is interesting. One is more tolerant of open-cast, but some people object because of the extra lorry movements and the dust and noise. A difference is emerging.

The mining companies must improve their standards substantially if we are to have more open-cast mining, but I want the coal beneath the ground in Fife to be exploited to the full, so that we can fill the gap between now and when renewables are up to speed, although mining could continue after that. We must ensure that we develop coal sustainably, which is why I am keen to see the development of carbon capture and storage technology. I endorse the comments of the hon. Member for Blaydon (Mr. Anderson) about the urgent need to implement the technology. The technology is supposed to be in place by 2014 and economically viable by 2020, but that is too long. There have already been delays, and the Minister has indicated that there will be an announcement not in 2009, but perhaps in 2010. Will that slip further away, and when will we get an announcement? Will the Minister tell us exactly when it will happen?

**Bob Spink:** The hon. Gentleman, like me, will have been deeply moved by the compelling speech made by the hon. Member for Blaydon (Mr. Anderson), who referred extensively to carbon capture and storage. I want to reinforce the point that the technology exists. Almost four years ago, the then Select Committee on Science and Technology produced a report with evidence showing that political will and investment were required from the Government to get it moving. It is not something that we are discovering today, because the Select Committee said that nearly four years ago.

**Willie Rennie:** That is the case, and I am puzzled why progress has taken so long. There are schemes in other European countries, but I am not sure how fast they are developing. The year 2014 is being talked about for implementation, but I do not know whether that is slipping or whether there are financial or regulatory hold-ups. Why has it taken so long, and why will an announcement be delayed until 2010?

I am keen, for local reasons, for the technology to be developed, because Longannet power station on the west tip of Fife is the second-biggest coal-fired power station in the UK, and could be the winner of the competition. It has easy access to the North sea and to the storage pipework for when oil and gas have been extracted. It also has a community that supports its power station and is keen for it to continue. I am keen for Longannet to win the competition and to know when a decision will be made.

**Ms Katy Clark** (North Ayrshire and Arran) (Lab): The hon. Gentleman has experience of coal-powered stations from his constituency interests, and I support everything that he has said about the case for coal. My

experience from speaking to energy companies looking to build new coal-powered stations is that they believe that they will be reliant on foreign coal, because of its low sulphur content. Will the hon. Gentleman comment on that and on how we can ensure that the British coal industry has a strong future?

**Willie Rennie:** I shall come to locational charging in a second. We talked earlier about importing coal from Russia and China and the impact that that has on the people who exploit the coal in those countries. We do not have locational charging for the coal that comes from Russia or China. Why do we not have an extra charge for the importation of that coal from other countries, so that we can get some balance in the system and not compete on the lowest cost throughout the world? Ofgem does not have responsibility worldwide, so it will not implement such a scheme, but we need to consider the effect that importing cheap coal from other countries has on the industry in this country. That is why I would like to see some recognition of the cost of importing that coal—the transportation costs from other countries—so that we are not penalising mines in this country and over-supporting mines in other countries. We have hundreds of years of coal under our feet, and we need to consider exactly how we will exploit it sustainably for the future.

I am deeply concerned about locational charging in the United Kingdom. The crude formula exaggerates the impact of the costs of transmission of energy up and down the country. I am not necessarily against some form of transmission charge or locational charge, because we need to reflect the fact that energy is lost as it is transported down the line, but to have such an extreme formula, which penalises in an extreme form energy plants and emerging renewable power resources in Scotland, is unfortunate. It will restrict renewable energy resources and potentially hamper investment in new technology at Longannet and other power stations in Scotland.

I would like Ofgem to change the formula to reflect the fact that those power stations already exist and that we can invest in new technologies that have greater potential to allow the United Kingdom to be energy secure. If we continue the way we are going, we shall destroy the economic case for plants such as Longannet, and we will not have the supplies that we need in 10 or 15 years' time, when we will be short of energy supplies before renewables are up and running at full speed and before we have been able to exploit new technology. I would like Ofgem to reflect on the exaggerated effect that the formula has on the plants that already exist in Scotland.

The figure for Longannet is staggering. It costs an additional £30 million to run Longannet power station because it is in Fife in Scotland as compared with Cornwall. It would be better to put it on a barge and ship it all the way down to Cornwall. It would be cheaper to run it on that basis than to continue to operate on the current basis—a super-barge would be needed to get it down there. It shows how farcical the situation is that a plant that already exists and that is the second-biggest coal-fired power station in the United Kingdom is penalised in such a way. It does not reflect the fact that the power station exists—it cannot just be knocked down and put somewhere else. I would like Ofgem to reflect on that and to have a much more sensible, balanced approach that does not penalise either renewables or plants such as Longannet in Scotland.

Let me return to carbon capture. Chris Davies, an MEP in the European Parliament, deserves credit for the work that he has done to secure, through the emissions trading scheme, about €9 billion-worth of funding for new carbon capture technology, which will boost the future of coal in the United Kingdom. That funding will ensure that we invest significant sums in developing the technology, which could be developed into something much more efficient at a later stage. I am pleased that significant sums will be invested in carbon capture technology by way of the emissions trading scheme through the European Parliament and the work of Chris Davies.

There is a farcical situation at Longannet, because the Scottish Environment Protection Agency does not allow the power station to burn the coal that remains within the ash. There is a company called ScotAsh that takes the ash from the power station and turns it into grouts and cements. The ash has coal in it, and the coal can be extracted, but SEPA does not allow the power station to burn it, because it is regarded as waste. That is a complete farce—a complete misreading of the regulations. I hope that SEPA reflects on that and allows Longannet and other power stations in Scotland to burn that coal, which is being wasted. Tonnes of coal are sitting around and cannot be exploited. They are currently treated as waste, which is a situation that should be changed. If we are to secure coal for the future, we need to ensure that we overcome those barriers. If we do not, we will not be able to fill the energy gap that is coming down the track very fast.

10.5 am

**Paddy Tipping** (Sherwood) (Lab): I congratulate my hon. Friend the Member for Blaydon (Mr. Anderson) on securing the debate, and I want to reinforce some of the points that he made. His central theme is that coal—particularly indigenous coal—is part of a balanced UK energy policy, and he is right to stress the importance of coal.

The only plant being built at the moment, save for renewables, is a new gas plant. I am concerned about the fact that the dash for gas continues. The Department's own estimate suggests that a worst-case scenario is that by 2020, 80 per cent. of our electricity could be generated from gas, 90 per cent. of which could be imported from places such as Algeria and Russia. There are real issues about security of supply.

My hon. Friend also talked about the health and safety record in the coal industry and he is right to talk about blood on imported coal. I just add one caveat: after years in which there were no fatalities in the mining industry in the United Kingdom, there have now been several. That is a stark reminder of the fact that men still give their health and their lives to keep us warm.

**Mr. David Anderson:** May I back up what my good and hon. Friend has just said? Clearly, there are fatalities in the mining industry. I would never pretend that mining will ever be a safe job. The truth is, though, that the technologies that we use in this country are more

*[Mr. David Anderson]*

advanced than those used in other countries. Even the US technologies were decades behind Britain's, but the technologies in China and Russia are centuries behind.

**Paddy Tipping:** I am sure that that is correct, but I just add the caveat to say that things have gone backwards rather than forwards.

Two challenges face the coal industry: the economy and the environment. I shall talk about both briefly. British miners are the most efficient in Europe. We ought to be backing them, not continuing to lay them off. There are immediate prospects for the UK deep coal industry. My hon. and learned Friend the Minister knows about the discussions on Harworth, where UK Coal is sounding new ground and looking for new reserves. I think that it will be successful. The difficulties are in funding that new development.

The company and the trade unions tell me that the cost of the development will be about £200 million. The Minister and his officials are well aware of that. Given the economic situation, the prospect of borrowing £200 million from the banks is remote, but there are other opportunities.

The European Investment Bank has been talked about. There have been initial discussions with the EIB, but they are not going well. The more support the Government can give UK Coal in its discussions with Europe, the better. Europe is not an obstacle in this; there have been subsidies from Europe in the past. Of course, the EIB lends on commercial terms. The more the Government can do to help, the better, but at the end of the day there may be difficulties with money from the EIB. That means that there needs to be a discussion—I know that there have been preliminary talks—about the notion of the Government acting as a guarantor in some way. We are serious about the fact that indigenous coal can help us with security of supply.

There need to be meaningful discussions with UK Coal about the prospect of underwriting. We are doing that in other industries, and the coal industry has a long tradition in that respect; indeed, the Minister is well aware of that because he represents a mining community and has been in direct discussions with UK Coal and the trade unions. We should at least consider such a proposal, and do so fairly quickly, because as my hon. Friend the Member for Blaydon said, the prospects at Welbeck are limited. Ideally, we should transfer the men who work there to the new Harworth prospects, because that would make sense.

**David Taylor:** My hon. Friend has mentioned that the Minister represents a mining area, and I believe that Daw Mill is in his constituency. The 600 men there produce well over 3 million tonnes of coal a year, so the pit is highly productive. Not all that far away, in north-east Leicestershire, there remain at least 800 million tonnes of coal, in what my hon. Friend the Member for Blaydon (Mr. Anderson) described as the vale of Belvoir coalfield. It is possible to provide the capital support that my hon. Friend the Member for Sherwood (Paddy Tipping) mentioned and to finish up with more secure, low-cost and high-quality coal from the coalfield that I mentioned. The Government could do more to support the growth of new mines in areas such as north-east Leicestershire.

**Paddy Tipping:** My hon. Friend has been a long-term advocate of Asfordby and opposed its closure vigorously. The point is simple: we can have a demonstration and reopen Harworth colliery, which will give a signal that it is possible to pursue other, more difficult prospects.

The second issue that I want briefly to discuss, which has been the subject of much comment, is carbon capture and storage. I am told, although there are different estimates, that China opens one new coal-fired power station every week. It does not matter where carbon is emitted, however, because it will have consequences for us all. As has been said, it will be in all our interests if we can develop cleaner coal technologies, particularly carbon capture and storage. Again, the Government have a good record on that, although it is a slow record and one on which we need to improve.

The competition to develop a new prospect—a demonstration plant—is way behind schedule, but I am more concerned about where the funding for such developments is, because I have looked closely at the Department's new budget and I cannot identify much such money in it. That causes real concern in the industry. The hon. Member for Dunfermline and West Fife (Willie Rennie) talked about the money available in the European Union, which might fund 10 to 12 projects, and the Government have just looked at the implications for carbon capture and storage readiness for new plants in the context of Kingsnorth.

I know that the Minister is aware of what I am about to say, and he is in discussions with colleagues about it, but I simply say to him that we need to introduce a new package to take coal into the future. That would include an announcement on the demonstration plant and an attempt to get money from Europe. At the end of the day, we want not one demonstration plant, but three or four—that should be our aim. What is more, we should be looking at pre-combustion as well as post-combustion. Both have a role to play.

I hope that the Government will introduce such a package shortly and make an announcement about Kingsnorth. If I worked for E.ON, the company that is developing Kingsnorth, I would have real concerns. Its application for consent has been stuck in the Department for many months. I understand the reasons why, but if we want to give a signal on the future of coal, we should make an announcement as part of the package that I described.

There is one other issue that we need to consider. The private sector will not be able to develop carbon capture and storage infrastructure by itself. My hon. Friend the Member for Blaydon talked about the Yorkshire Forward initiative. The initiative at Kingsnorth has the potential to encourage other companies to join the project. Ultimately, however, matters cannot be left simply to the private sector.

In an age when the Government have shown themselves to be more interventionist—particularly with the banks—there are opportunities for intervention. We can help Harworth immediately and the UK coal industry in the longer term. We can introduce carbon capture and storage in the UK, as we all want, and that will have the potential to be spread internationally.

**Several hon. Members** *rose—*

**Miss Anne Begg (in the Chair):** Order. I intend to call the Front-Bench spokespeople at 10.30. Two Members are seeking to catch my eye, and we have 15 minutes. I hope that that is a heavy enough hint.

10.15 am

**Mr. William Cash** (Stone) (Con): This debate is incredibly important, and I pay tribute to Labour Members for how they have handled the issue. For many years, the issue of coal has remained under the surface. It has been there since I first came into the House, almost 25 years ago to the month. In my maiden speech, with the coal strike raging around the place, I made my point about the coal issue, which was controversial in a maiden speech.

Shortly after that, I went to a massive NUM strike meeting in Hanley park in Stoke-on-Trent. I walked in, jumped on the platform, took the microphone from Arthur Scargill and told him to lay off my miners. There were about 7,000 people in the park, and I thought that it was about time that he was given a bit of his own treatment. The reality was that he and others were intimidating the Union of Democratic Mineworkers in the Staffordshire pits, and that needed to be corrected.

Subsequently, however, I voted against my Government on the closure of the pits, under Michael—now Lord—Heseltine, with whom I had many meetings and many serious discussions and rows. It seemed to me that we were doing something that would have long-term consequences and that the whole policy was wrong. As a member of the European Scrutiny Committee, I also noticed that Germany was giving massive subsidies of the order of £4 billion a year, while our coal industry was suffering. However, the UK had these amazing resources, which it should have been developing.

**Mr. David Anderson:** I know that a lot of north-east miners went to Stoke-on-Trent. One thing that I did not touch on—I wanted to avoid discussing issues from 25 years ago and to look forward—is that the deal at the end of the strike involved the Government setting up a review body, but they specifically denied the people carrying out the reviews the right to look at the social consequences of closure. As a result, places such as Stoke-on-Trent, where I and others who have spoken come from, have suffered massively at a social level.

**Mr. Cash:** One reason why I am still vice-chairman of the all-party group on coalfield communities is that I really believe in it. I do not want to get too nostalgic, but when I was a young boy in Sheffield, I used to go to Woodhouse on the outskirts of the city to play cricket at Welbeck. I played cricket and rugger with miners—that is the environment I grew up in. I therefore have a strong sense not only of the social side of things, which the hon. Gentleman correctly mentioned, but of the economic consequences.

Everything that has been said about the reserves and carbon capture is on the record, and I do not need to repeat it. The Minister knows me quite well and he will forgive me for using quite strong language, but I condemn the Government for not really having got their act together on CCS. We have heard about Kingsnorth, and perhaps I can slightly modify what has been said and put it in an encouraging way by saying that we should really start pitching in to ensure that we move things forward.

Why should this be done by companies from abroad? We used to be at the forefront of coal technology, and we still have people with the ability to think about the matter and to do the research. The company E.ON is almost a case in point. It is alarming that we should effectively be in the hands of other countries when it comes to development. We ought to be developing our indigenous resources. We have the brains and the know-how, and we have the tradition. We should be doing it ourselves.

As my hon. Friend the Member for Wealden (Charles Hendry) knows, I have grave concerns about our being an integral part of the European Union energy policy. I have said why I was so much against the fact that the Germans had those unbelievable subsidies when we had none. It is all part of a package. Will the House please understand that, and that we are not being given anything, and never have been given anything, under the arrangements of the European Coal and Steel Community or subsequently, despite what was said by one MEP about the amount of money being put back through interventions? The fact is that many of those policies should be developed to ensure our indigenous security policy.

I mentioned earlier, and I repeat the fact, that this is also a foreign policy question. If we consider Gazprom and Mr. Schröder, and how these things are organised—we do not have time to go into all that today—we can see that it is a big landscape. Energy security lies at the heart of national security. We therefore need a proper balance. I do not mean that we should not co-operate with other countries in Europe; I am often misunderstood on that point. Co-operation is one thing, but to have a common energy policy through European government is another story. I must ask people to consider the fact that, for new coal technology and energy security, we need our own policy.

I and my party voted against the Lisbon treaty, which contains the European energy policy. I do not ask my hon. Friend to go into that today, but for heaven's sake, my party should ensure that we look after ourselves. We should co-operate with other countries, and trade with them, but we should not allow the entire energy system ultimately to fall into the hands of subsidy and over-dependence on other countries—and a system of rule making that is governed by a Court of Justice, against which there is no effective appeal.

I feel strongly that this has been a first-class debate and I pay tribute to the hon. Member for Blaydon (Mr. Anderson). I was delighted to hear that he came from Stoke-on-Trent; I did not know that.

**Mr. Anderson:** I was talking to the same men as the hon. Gentleman.

**Mr. Cash:** The hon. Gentleman may have heard a few of the stories about my past activities. The reality is that, in Madeley in my constituency, people were being intimidated. I did not come here only to talk about what happened 25 years ago, but it meant a lot to me then and it still means a great deal now.

10.23 pm

**Mr. Don Touhig** (Islwyn) (Lab/Co-op): I echo the remarks made today in congratulating my hon. Friend the Member for Blaydon (Mr. Anderson) on securing this debate.

The volatility of global energy markets has once again pushed the case for coal to the forefront. Twenty-five years ago, we could not have imagined that such a thing would ever occur. Although coal is an abundant source of energy—it is the fuel of choice in newly industrialised countries such as China and India, but without the environmental safeguards that we would expect—in Britain it is has been written off by all sides. Indeed, for many people, even those in my constituency of Islwyn in south Wales, which is a former mining area, people think that the debate belongs to a bygone era. That attitude does not reconcile itself with the fact that clean coal technology can give us a great new opportunity for using this wonderful source of energy.

In recent years, the volatility in global energy markets has made the case for clean coal technology even more powerful. That is why I believe that the pits in south Wales that closed many years ago may still have a vital role to play in providing Britain's future energy needs. Aneurin Bevan once said:

> "This island is made mainly of coal and surrounded by fish. Only an organising genius could produce a shortage of coal and fish at the same time."

Even now those words still have relevance. It is complete madness to import billions of tonnes of coal from other countries, when we are sitting on an island of coal. It is those coal reserves that we should be using to meet our future energy needs. It is common sense that we should look to ourselves to help solve some of our energy needs. However, as my mother used to say when I was growing up, "Son, in life you will find that sense is not that common."

Clean coal technology represents a massive opportunity not only to revive the coal industry and guarantee a market for coal, but to make us less reliant on energy from other countries—a point well made by the hon. Member for Stone (Mr. Cash). I welcome the fact that the Department for Innovation, Universities and Skills supports the Technology Strategy Board, which has done some research on the matter. The board has identified carbon abatement technologies as being a priority. It is supporting 11 projects to the value of more than £13 million. However, that is the tip of the iceberg. More needs to done, and we need to take a long-term approach to using coal in our energy policy. By a long-term approach, I do not mean a five-year strategy, but one of 20 or 30 years, if we are to recoup the benefits of clean coal technology.

Our long-term aim surely must be to attract long-term investment for the production of coal, through clean coal technology. Such a commitment would give confidence to those who are developing the technologies through the knowledge that the Government support them. My hon. Friend the Member for Sherwood (Paddy Tipping) referred to support from the European Union, which is important. I once borrowed £37 million from the European Investment Bank—*[Interruption.]* I paid it back; I do not owe it a penny. The EU is a source of support that we ought to exploit in such circumstances. We have the opportunity to become a world leader in the new technology, but for that to happen we will need investment. I am sure that we are all keen to hear the Minister's response to the debate, because such a thing will not happen without investment and Government support; it is as simple as that.

At the end of the day, there will be all sorts of wonderful arguments for the environment and for clean coal technology, but without the political will, it simply cannot happen. If we invest in that way, we will have the chance to revitalise the coal industry, providing jobs and helping to improve the quality of our environment. I hope that my hon. and learned Friend the Minister will take the opportunity to give an assurance that the Government are with us on this matter.

When we reflect on what has happened during the past 25 years, with the commemorations of the end of the strike and so on, it would be a tragedy and a betrayal of those men and those communities that fought so hard for that industry and to keep the jobs that would keep their communities going—many were destroyed when the pits went—if we failed now to say, "Here is an opportunity to produce coal in a clean and safe way for our environment." It is something that we owe; it is also something that we can bequeath to a new generation. At the end of the day, it is a political decision, and I look to our Government—a Labour Government—to answer that important call.

10.28 am

**Simon Hughes** (North Southwark and Bermondsey) (LD): I sincerely congratulate the hon. Member for Blaydon (Mr. Anderson) on a timely debate. I hope that the Minister has paid heed, not least so that he can pass the message on to his colleague the Chancellor; as we come to the Budget, the Government could take positive and immediate action to respond to the debate.

I was born at about the same time as the hon. Member for Blaydon. Then, more than 85 per cent. of the country's energy needs were met by the coal industry. The figure is now below 20 per cent. Like the hon. Member for Stone (Mr. Cash), I am not being wise after the event. I was a Member of the House when the Tory Government—Mr. Heseltine with the then Prime Minister's support—were seeking hugely to reduce the size of the coal industry. My colleagues and I opposed that strategy, because we believed that it was short-sighted and inappropriate.

In those days, we were not thinking so much of $CO_2$ emissions or environmental considerations. I was brought up in south Wales, and a large part of my younger days was spent there, so I also had clear emotional links with the coal communities and understood the importance of coal to their jobs. As my hon. Friend the Member for Dunfermline and West Fife (Willie Rennie) has argued, the coal industry has never been unwilling to adapt, respond or make itself appropriate to the modern generation. As we debate the future of the coal industry, we should debate the energy industry as a whole and understand the interrelationship between the two.

Last month, HSBC produced a very telling report on the extent to which many Governments and the European Union have taken the opportunity provided by the current global economic difficulties to use economic stimulus packages to advance new green technologies—the two obvious options being renewables and carbon capture and storage. The report states that the only places to

have taken the opportunity to push renewables are South Korea, France, the European Union as a whole and the United States. The only ones to have done the same for carbon capture and storage are Canada, the United States and the European Union. The opportunity has not been taken to encourage further investment in renewables and the development of carbon capture and storage, both of which are hugely important, although I probably take a different view from the hon. Member for Stone on renewables. I hope that next month's Budget will go down both those roads and that Britain's fiscal stimulus strategy will commit to a reinvestment in the kitty for science and technology.

I intervened on the hon. Member for Blaydon to point out that yesterday, when the very high-powered delegation from California visited the UK, it became clear that this is not a question of the inability of the technology to deliver. I think that the delegation met Ministers, or will do so later this week—it is in Brussels today and tomorrow. Of course, the process must be a gradual one, and we need demonstration plants to test the technologies—there are various options. However, plenty of evidence on this subject is available already, including, not least, a very good publication written last year by the Green Alliance, with a forward by the right hon. Member for Derby, South (Margaret Beckett), entitled, "Last Chance for Coal: Making Carbon Capture and Storage a Reality".

My party, at its formal, deliberative, decision-making conferences, has made it clear that we envisage a future role for coal. However, we take a pretty hard-line view on the necessity of carbon capture and storage, and the Minister will know that we do not think that the Government should permit a new generation of coal-fired power stations without that new technology. We welcome the fact, therefore, that the Government now appear to understand that need and that the Secretary of State for Energy and Climate Change has deferred the decision on the Kingsnorth application to ensure that E.ON understands it, too.

Last year, there was interesting speculation in the press that the Government had given in to E.ON, that they would not insist on any technology in advance and that they could live with retro-fitting. However, the situation now appears otherwise, judging from recent press coverage. On 2 March, a headline in *The Guardian* read, "Decision on new coal-fired plant delayed again". The decision has been delayed until the autumn to ensure the right Government policy. I urge the Government to stand firm on these issues and to make it clear to E.ON and the rest that they must deliver a new generation of power stations with that new technology in place. That applies not only to Kingsnorth, but to other parts of the county, especially the midlands which has a significant interest in the matter, and potentially to Scotland, too. If the will is there, coal-fired power stations can come on stream with the new technology in place. However, we need that double commitment, and the Government must stand firm, although I do not doubt that there will be some tough negotiations with the industry.

**Mr. John Grogan** (Selby) (Lab): Are the Liberal Democrats in favour of public subsidies for carbon capture and storage? The chief executive of E.ON will make a speech this week in which he will say that he will install a carbon capture project that will take care of all the emissions at Kingsnorth, but he is asking for a subsidy of £1 billion. What is their position on that?

**Simon Hughes:** We must be robust with the industry, which, of course, will always look to the Government for money. Industry companies have not done badly in recent years, relatively speaking, judging by their profit margins. My hon. Friend the Member for Twickenham (Dr. Cable) would probably take the same view as the Chancellor and say, "No. Look guys, you have to make this commitment." Everybody, including the industry, has to play their part in ensuring that environmental and emissions targets are met. My party's starting position is to say, "No thank you." In this time of straitened public finances, for a company to tell us how much it needs and for us to finance it is not the appropriate response.

**Mr. Cash:** The hon. Gentleman has said that we might disagree on renewables. Does he agree that compared with some of the ridiculous onshore turbine proposals, such as that for Checkley in my constituency and others near the Shropshire border, subsidies would be better invested in clean coal technology on economic grounds alone? Such subsidies would have a much greater impact, so surely it makes sense to go down that route.

**Simon Hughes:** Our position is that, for energy security reasons—to start where the hon. Member for Blaydon began—coal has a hugely important part to play. That argument has been made around the Chamber. We believe that our strategy should be for an energy-independent Britain in an energy-independent Europe, although not to the extent that we cut ourselves off without interconnectors and any buying and selling. That has to be our strategy, not least to ensure that we help other countries towards energy independence and to ensure that we do not exploit other countries in the ways set out by the hon. Member for Blaydon. Furthermore, energy independence will give work to our people here.

**The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien):** I am seeking to clarify the position of the Liberal Democrats. I thought that I understood it, but it appears otherwise. The hon. Gentleman's position seems to be that there should be no public subsidy for carbon capture and storage, and that no coal-fired power stations should be built without full carbon capture and storage being an integral part of that new build, despite the fact that there is no commercially viable project yet in place, on a substantial scale, anywhere in the world. Surely he is just saying that there should be an end to the coal industry. How can he make such a case?

**Simon Hughes:** I was asked by the hon. Member for Selby (Mr. Grogan) whether the Government should respond to the E.ON bid for £1 billion to support its scheme. I said that we should not just take a shopping list from a company wanting to develop a power station. The Americans, especially the Californians, are supporting strategically the science and technology investment, and I have hinted that the Minister could ask the Chancellor to include such an approach in the Budget fiscal stimulus package—strategic support for, and investment in, the

*[Simon Hughes]*

science and technology. That support should not go to one company to help its power station through the planning stage.

I shall list my party's priorities in order. The first is renewables, the capacity of which is huge—consider the States, the Danes and others across Europe. If we are not quick, we will lose many opportunities. As the Minister knows, we have a pretty precarious renewables industry, and if we are not careful it is likely to invest in the States and elsewhere. We need to keep the industry here and to develop it, because it has huge jobs and technology potential. In my view, Britain is very well placed.

To pick up the point made by the hon. Member for Stone, investment in renewables should be mainly for offshore wind and tidal technology off the coast of Scotland and down the north-east coast. Obviously, such investment is much less controversial offshore than onshore. It should be done locally, however, and, as the Minister would expect me to say, I believe that there is now the will and capacity for our cities and communities to say, "We are interested in developing renewable schemes and feeding them into the grid to service our communities."

Our second priority should be energy efficiency, from which this country would benefit greatly. It would be in the interest of our whole strategy. The third priority is continued gas supply and the fourth is coal, if it has carbon capture and storage support. We are not there yet: the technology has not been tested and we do not yet have all the answers. However, it is clear to me, from all that I have read and heard from those in the industry, that if the money and support is provided, developing a new generation of coal, in that context, is the right approach. It would give the coal industry a future, retain an energy mix and allow us to do without the nuclear option.

My party and I see no need for this great rush to nuclear power. The Prime Minister is making a speech today about how we have to go down the nuclear road. Such a plan is expensive; it will not produce enough; it will be too late; and it is risky. If we are in a position to influence whoever is in power after the next election, we will make our views very clear. We will say no to nuclear and yes to renewables and to coal in a new, environmentally acceptable context.

10.40 am

**Charles Hendry** (Wealden) (Con): May I begin with a sincere apology to you, Miss Begg, to the hon. Member for Blaydon (Mr. Anderson), and to the other hon. Members in the Chamber for not being here at the opening of the debate? This is one of two energy debates currently going on—the other is in a statutory Instrument Committee. Faced with the challenge of being in two places at the same time, I ended up being in neither place at the right time, and I apologise for that. I am particularly sorry, because the speech that the hon. Gentleman gave was a wonderful example of how such a debate should be carried out: it was extremely thoughtful, it looked back at history and it considered the future potential of coal.

The issue of coal has been one of the big dividing lines of political history. Now that there is a tremendous sense of unity, we can move forward together and agree on the important role of coal in the future. We can see a great opportunity for the UK coal mining industry, and we all hope that this is an area in which Britain can lead the world.

I also want to pay tribute to those who work in the mines. I fought two mining seats—Clackmannan and Mansfield. In fact, I nearly became the first Conservative Member of Parliament for Mansfield. I have incredible respect for those who, day in and day out, work in the mines, and I wish to put that firmly on record. Moreover, I want to thank them for the contribution that they have made to making this a very modern industry.

In the early 1980s, the average output per miner was about 375 tonnes per year; it is now 3,500 tonnes per year. That is an incredible contribution from the people working in the industry. I understand, too, why they often feel frustrated when we end up importing so much coal from elsewhere. We now import more coal from Russia than we produce domestically. As we have heard this morning, it is a matter of concern that more of that market is not being taken by British coal mining.

I should also like to have a brief word about surface mining, because that is an important contributor to this debate. It is an industry that has moved on incredibly in recent years. A year or so ago, I went to a surface mine in Ayrshire to see the way in which the miners backfill. No sooner have they taken out the coal, then they are back filling the mine, replanting it and recreating the scenery that was there before. Often the scenery is enhanced by the sustainability of the habitats. Therefore, we should recognise that this is an industry that has an important contribution to make.

As a nation, we heavily depend on coal for our energy security. Last year, coal accounted for 37 per cent. of our electricity output, and there were times when that percentage went up to 50 per cent. There is widespread agreement that coal should play an important part in our energy future.

**Mr. Cash:** I do not want to enter into controversy with my hon. Friend, but when we talk about energy security on this side of the Chamber, I hope that he understands that it is one thing to have the coal that belongs to the United Kingdom here and quite another to have it effectively developed by companies that come from outside. Combine that with dependence on a European energy policy, and it is not quite the kind of energy security that I have in mind. Perhaps I should leave it at that.

**Charles Hendry:** I thank my hon. Friend for his intervention and for his remarks earlier on as well. If we look to companies such as E.ON and RWE to invest in this area and build coal-fired facilities in this country, we should understand that they will not take out their investment. They will be keen to run their facilities and make the best return out of that investment that they can get. We should be willing to understand the role that international companies can play in this process.

None the less, there is a big challenge ahead. The large combustion plant directive 2001 means that by 2016 a third of our coal-fired generation capacity should be coming out of commission. That is a massive hole that needs to be filled. As the Minister appreciates, that could come rather sooner, as there are 20,000 maximum hours of generation capacity left. Some plants are getting

through that at a very fast rate, and they could have used those 20,000 hours by 2012 or 2013. They have to make active decisions now on whether they spend £200 million to ensure that their plants will be compliant with the LCPD. Some within the industry say that we may need to seek a derogation from that, and I am interested to hear the Minister's view on that. If a derogation is to be sought from the LCPD, businesses need to know that sooner rather than later. If they are spending millions and millions of pounds on something that ultimately will not be necessary, there will be significant arguments afterwards about whether they should be compensated for such payments.

I want to focus on carbon capture and storage. CCS is one of the most exciting technologies in the whole energy sector, and it is an area in which Britain should be leading. When the Government started talking about the matter three years ago, we were leading the world. However, in the time that we have been talking, other countries have been investing ahead of us. Germany now has a small plant working as does Alberta. Moreover, America, Australia, China and Abu Dhabi have such plants. Therefore, we have lost some of our lead, which is a matter of great concern. All of us who have spoken in this debate are giving the Minister a push and some encouragement to go further, to be braver and do a bit more to give Britain the leadership that it should have in this area.

It was very interesting to listen to the chief executive of Kingsnorth this week. We want to see three full-scale plants operating with carbon capture and storage. We would fund the cost of the CCS technology through the receipts that Britain will receive from the next round of the European Union emissions trading scheme, so funding is available. CCS technology is an entirely appropriate way of using the funding and it would give a huge boost to those who are considering taking forward the investment.

When I spoke to people involved in the sector, I found a tremendous sense of frustration. The companies involved want to move forward and do more. Companies such as Shell want to take advantage of their depleted gas fields. Within British universities, such as Imperial college and elsewhere, there are people with incredible academic ability who could make a massive contribution. However, what they are waiting for is the go-ahead from the Government. They want a real signal that we are moving forward and making changes in this area.

Inevitably, there will be aspects and matters that only the Government can provide, such as pipeline infrastructure. If every coal-fired power station is expected to put in place its own pipeline to its own sequestration facility, that will make them unaffordable. That is a natural role where the Government can take the lead. They should put in place an oversized pipeline so that others can tap into it. I commend the work that Yorkshire Forward has been doing in that regard, because it is exactly the kind of proactive, thoughtful work that we need.

Scoping work is not yet under way, so it will be a long time before we identify which of the depleted fields could potentially be used. Again, that is an area in which the Government could be moving further forward and faster. Moreover, such work should be tied to an emission performance standard, like the one in California. Like the hon. Member for North Southwark and Bermondsey (Simon Hughes), I had a meeting with the people from California yesterday. They see the standard as an integral part of driving change; people know what the level of emissions will be and that they will decline over time. As long as people have a secure outlook and they understand what is expected of them, they can invest to meet that standard; without that ability, the situation becomes more challenging.

**Simon Hughes:** We both had that opportunity yesterday. Does the hon. Gentleman accept that the opportunity for the Government to get their policy right will come later this year when the private Member's Bill promoted by my right hon. Friend the Member for Ross, Skye and Lochaber (Mr. Kennedy) comes before the House? That Bill would allow an emissions trading limit or a cap, which would put in place the policy framework, the process and the structure.

**Charles Hendry:** That is a very interesting approach. Having the enabling legislation there with the detail to be sorted out in due course is a very constructive contribution towards this debate.

The right hon. Member for Islwyn (Mr. Touhig) is right to say that CCS will not happen without the political will, which is what we need more of at this stage. The Government have revolutionised the approach towards nuclear with the Office of Nuclear Development. They need to do the same with carbon capture and storage with an Office of Carbon Capture and Storage Development which looks at how to remove barriers and make this happen, rather than how we can make it more difficult.

We need greater clarity about where the Government stand on issues such as Kingsnorth. The Minister has said that

"the application of the full chain of CCS technology on a commercial-scale power station has not yet been demonstrated. Until the operation of the full chain of CCS in conjunction with a power station has been proven, it would not be prudent to require new coal plants to be fitted with CCS or to set a date by which this would be required." —[*Official Report*, 17 November 2008; Vol. 164, c. 112W.]

Yet the Secretary of State, speaking at the launch of the film "The Age of Stupid" a couple of nights ago, said:

"I don't think we should carry on building unabated coal fired power stations".

We agree with him, but he and the Minister clearly disagree, so some clarity would be helpful. This has been an extremely helpful debate. Above all, I pay tribute to the hon. Member for Blaydon for the way he introduced it.

10.50 am

**The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien):** This is an important debate. I join colleagues in congratulating my hon. Friend the Member for Blaydon (Mr. Anderson) on securing it and on giving such a serious and powerful speech. It deserves a wide hearing, particularly what he said about the moral questions concerning imported coal and the need to ensure that we consider health and safety issues, as well as the case for developing a long-term strategy for coal in this country.

As someone who is proud to represent a constituency containing what is probably the most profitable coal mine in the UK—Daw Mill, which exceeded 3 million tonnes last year and is doing extremely well—I want the

*[Mr. Mike O'Brien]*

coal industry to have a long-term future that does not damage the environment. As in most debates about the role of coal in energy policy, especially UK-produced coal, contributions have been made from a number of standpoints. I particularly welcome the points of view raised by colleagues such as my hon. Friend the Member for Sherwood (Paddy Tipping) and the hon. Member for Stone (Mr. Cash), who has a record, unlike most Conservatives, of supporting the coal industry over a long period. His comments on the issue are perhaps regarded as having more credibility than those of most Conservatives.

The Government are committed to the future of coal as part of the UK's energy mix. We want to ensure that it provides the flexibility that is key to energy. We have just had a cold snap, during which more than 50 per cent. of our electricity generation came from coal. Normally, it provides about a third, but when we need to expand our electricity supply quickly and flexibly to meet demand, we must rely on coal. It is an important asset for our energy generation. The lights would literally go off if we did not have coal. Renewables will play an increasingly important part, but the problem with renewables, which we cannot run away from, is intermittency. Unless that issue is addressed, we will have difficulty relying on renewables alone.

**Mr. Cash:** Will the Minister give way?

**Mr. O'Brien:** Briefly, because I have a lot of points to make.

**Mr. Cash:** I want to ask the question that I put to the hon. Member for North Southwark and Bermondsey (Simon Hughes), who represents the Liberal Democrat party. Surely we should be shifting subsidy from renewables, which do not really work because of the intermittency that the Minister mentioned, to coal. Given the technology and the evidence that we have heard today, coal can and does work.

**Mr. O'Brien:** Coal can work, but renewables are also an essential part of a proper energy mix to provide long-term security for the energy supply in this country. We need renewables. We need to ensure that they are used, because they do not damage the environment as many other sorts of energy do. We need oil and gas at the moment. We are importing them increasingly because we are depleting the amounts available from the North sea. Oil and gas from the North sea will be available for decades more—they will not disappear overnight—but they are being depleted, which means that we are relying more on imports.

We therefore need to develop our other domestic energy sources. Nuclear is an invaluable base for the production of energy and electricity. It provides the base load that we will need in future. I must say to the Liberal Democrats that I do not believe that any energy policy for this country can be serious without a nuclear base load. Unless that is included, it is not a serious climate change policy.

We need a nuclear base load, but as it is a base load, it does not provide a high level of flexibility. We need renewables because they are no-carbon. We also need to ensure that we have enough flexibility to deal with varying demand, and that flexibility comes, at the moment, from coal. It also comes to some extent from gas, which also emits carbon, although not as much as coal.

We need coal for the long term, which is why we need to ensure that we put the case for coal. Those extremists from the green lobby who say that we should have no coal are proposing a recipe for turning the lights off. That is an unacceptable position. However, we also need to ensure that our coal industry does not damage the environment. Getting that balance right is essential.

My hon. Friend the Member for Blaydon rightly pointed out that deaths occur in coal production in a number of other countries. The destruction of the UK coal industry in the 1980s and early 1990s has made us over dependent on coal imports, often from countries where health and safety standards are poor. He is right to raise the point that we need to ask ourselves questions about that. We have vast coal reserves in this country. If we can get carbon capture and storage going properly on a commercial level, we can exploit the domestic resources in mines in our own country.

We must be aware of the destruction. The Baddesley, Coventry and Birch Coppice pits in my constituency all closed between 1987 and 1992. That was greatly destructive—thousands of jobs were lost in my area—and will be long remembered. We need to ensure that coal is included in the mix for our energy supply, but we must also ensure greater expansion of domestic coal production in this country.

My hon. Friend the Member for Sherwood raised points about Harworth in particular. I am watching closely the developments in UK Coal's wish to expand there. I am keeping in close contact with sources from UK Coal, and we have offered to do what we can to encourage and support the work there. There are limits to what we can do, but UK Coal is aware of them and of our broad support.

There are opportunities for clean coal technologies. The Government accept that coal-fired generation must become cleaner. Although facilities exist in some areas, we need to improve the efficiency of coal extraction. CCS is the key deployment. We will shortly publish our response to the consultation "Towards Carbon Capture and Storage". It will set out details of the implementation of our proposed carbon capture readiness policy, as well as further information about proposed measures for regulating the geological storage of carbon dioxide. We will also consult on what further regulation is required for us to keep coal as an option in our long-term future generation mix while meeting our long-term climate change targets. A decision on the application for a replacement coal-fired unit at Kingsnorth will follow the conclusion of both the carbon capture readiness consultation and the planned new consultation on a new framework for coal-fired power stations.

The UK has been lobbying for and has secured funding from the EU. I heard reference earlier in the debate to an MEP, whom I am afraid I had not heard of, who seemed to be claiming that he had secured it. I must tell hon. Members that—

**Miss Anne Begg (in the Chair):** Order. I am afraid that we are out of time.

## Care Homes

11 am

**Richard Younger-Ross** (Teignbridge) (LD): This debate proves to be slightly more timely than I had anticipated—I must thank Mr. Speaker for selecting it for today—as a major report on dementia has been in the national papers this morning. In addition, Prince Charles will this afternoon address a debate on that subject, which will be one of the issues that I discuss in relation to residential and nursing care homes.

Care homes have not had a particularly popular image among the general public in the past. The view in the 1970s and 1980s was that they were places that one sent people to as a last resort. They were basically designed to bring profit rather than to provide proper care and services for elderly people. Indeed, my earliest experience of anyone running a care home was in the early 1970s, when I worked for a firm of architects in London, and one of the partners declared that he and his wife were buying a care home. His views about why they were doing it would not have given me any confidence that anyone I knew should reside there. I never spoke to his wife—I am sure that she had a rather different view—but he thought that it was going to be easy money.

In the 1980s, there was a vast expansion of care home provision. As in any industry in which there is vast expansion, not everyone who goes into it does so for the right reasons. By the end of the 1980s and early 1990s, the transition of hotels due to the decline of the tourism industry in the south-west led to the small port and fishing town of Teignmouth, where I live, having the highest number of care beds per head of population anywhere in Europe and therefore, I suspect, in the world.

Times have changed dramatically since then. The Governments of the 1980s and 1990s regulated harder, and we moved away from the easy option of moving people into care homes to a policy of caring for them in their own homes. The quality of care homes has increased dramatically. Those that might have been a little on the dodgy side in the past have struggled, so I am sure that few exist today. However, that does not mean that the care home sector gets an easy press—one has only to read the sort of headlines that are written about care homes in the newspapers: "Nurse who ran care home accused of murder after seven suspicious deaths" and "Illness kills half the residents at nursing home". And, of course, *The Times* has run a care home campaign.

Most of the care homes that I visit in my constituency are not like that at all. They provide personal care of a high quality, and they care about the residents. The Minister shakes his head; I am not sure whether he disagrees or wants to intervene. Those care homes care about the people who reside in them, but that does not mean that there are no issues to address. They are concerned about how they can provide the high level of care that they seek to achieve.

The Government are pressing ahead with improvements. I am sure that the Minister will regale us later, given the opportunity, with all the improvements that have occurred in the past 10 years. I do not wish to steal his thunder, but let me give a few statistics. According to the 2007-08 report of the Commission for Social Care Inspection, in the past six years,

"there has been steady improvement in the overall performance of councils in addressing current policy requirements and in regulated care services meeting national minimum standards."

It goes on to say:

"There have been some tentative steps to address the new personalisation agenda which have meant more people are able to control and choose their support through, for example, Direct Payments, Individual Budgets and good person-centred assistance...There are some outstanding examples of people's lives being radically improved where they have been able to direct their own support, including those people with multiple and complex needs... However, councils are at an early stage in transforming social care and developments are patchy and vary between different groups of people."

It continues:

"People, whether they pay for their care or are publicly funded, are not always getting the individualised help that they need to make decisions about their support which in the long term can be costly to individuals, family carers, councils and the NHS."

I know that a significant number of people do not like direct payment because they find it difficult, but that a number do when the services are there to be accessed. Like other MPs, I am sure, I have people coming to me saying, "Yes, I have the money, but there is no one I can buy the service from," so giving them money is largely a waste of time, because there is nothing for them to spend it on to provide the relevant service.

**Mark Williams** (Ceredigion) (LD): I congratulate my hon. Friend on securing this timely debate, and I invite him to add a rural dimension to the problem regarding the availability of services. It is a patchy picture. Does he share my concern about the lack of elderly mentally infirm nursing places across much of rural Britain, and about the spectacle of families and relatives having to travel vast distances—sometimes hundreds of miles—to visit relatives who suffer from Alzheimer's? Does he agree that that is not ultimately sustainable, and should not be?

**Richard Younger-Ross:** It is not sustainable, and the situation is going to get worse, as I shall discuss later. It is very much a growing problem in our ageing population. The lack of specialist nurses comes out in Laing and Buisson's report, which I shall discuss in a moment.

CSCI points out that in 2007-08, 1.75 million older people and people of working age used different social care services, and that £16.5 billion was spent on social care for adults. Other moneys provided through private expenditure and top-ups added up to a further £5.9 billion, so we are talking about fairly large sums of money, and even the Government projections predict higher figures. The university of Kent's personal social services research unit says:

"The numbers of functionally disabled older people in England are projected to"

double

"from approximately 2.3 million in 2002 to approximately 4.6 million in 2041".

It says:

"To keep pace with demographic pressures over the next 40 years, assuming unchanged rates of functional disability"—

that is a big if—

*[Richard Younger-Ross]*

"residential and nursing home places would need to expand by around 115 per cent. and numbers of hours of home care by around 100 per cent. The numbers of staff working in social care for older people would need to increase by around 110 per cent. between 2002 and 2041".

Also, expenditure for the same period

"would need to rise by around 325 per cent. in real terms…to meet demographic pressures and allow for real rises in care costs of 2 per cent. per year for both social care and health care."

In the long term, that means that care expenditure would need to increase

"from 1.4 per cent. of gross domestic product in 2002…to 2.6 per cent. in 2041."

I hope that the Minister has his crystal ball and will say what the Government are doing to lay the foundations for that necessary growth in residential care. If the Government are not certain that they want to believe university of Kent figures, Age Concern says that significant funding is required to meet our obligations to older people and that expenditure of £7 billion to £8 billion now should rise to £14 billion to £16 billion in 2026. That is a shorter time span, but it is still virtually a doubling of the figure of about 1 per cent. of GDP.

Not to miss out on the matter, the Joseph Rowntree Foundation has had its own research done, again by William Laing of Laing and Buisson. Laing states that about £540 million of extra funding is still needed in the system for local authorities to fund a modernised care home sector. Since that report, the Minister has announced £520 million of funding, but that is for different expenditure and is not the same expenditure that Laing and Buisson said was missing last September.

The care sector faces problems across the board. Before I get into the detail of private care homes and the problems that they face, I will mention charitable care homes. The Charity Commission wrote to me about this debate. It said that there are a number of issues, but that the key issues identified in its survey,

"which would affect care homes, were funding (whether full costs were paid by the public body and whether contracts were short term), independence (whether the charities felt that they could still take decisions independently), and mission drift, (whether the charities were being led by available funding, rather than their charitable objectives)."

Lack of funding is a key issue in relation to that.

I particularly thank the Local Government Association, which provided the most extensive brief for the debate, for its work on the matter. It has pointed out that there are currently 448,000 care home places in England and that 231,000 of those adults are financially supported by councils. If we consider how councils are paid, we will see that some of the 217,000 remaining places were the subject of a contract between councils and care homes to provide intermediate, respite care or other temporary placements. However, as I said, the majority of people arranged to pay for their own care.

Between 2006-07 and 2007-08, the unit cost paid by councils to care homes increased by an average of 7 per cent. However, there is a wide variation among councils and the type of care purchased. The greatest increase in unit cost was between 11 and 14 per cent., which went to care homes providing nursing care for those with physical or learning disabilities. Contracts and fees are a matter for local negotiation and councils with limited budgets—increasing by 1.2 per cent. in real terms over that period—need to negotiate fee levels carefully in relation to quality of care.

The Minister might wish to address how the rising fee levels and costs of care homes are not matched by Government grants to local authorities. That situation puts stress on social services departments. The Minister might say that that is new, but I can take him back to one of my earliest questions in the House when I asked the then Health Minister, who is now Secretary of State for Communities and Local Government, about a statement from the 15 social services departments in the south-west.

The directors of those 15 social services departments said that there was pressure on elderly care and that the budget constraints were such that their obligatory, legal duty to provide services for children meant that they were having to divert funding from elderly care to child care. That led to a lack of funding. At that point, I think that the estimate was £1 billion of underfunding. As I mentioned, the Joseph Rowntree Foundation has said that the figure has been reduced to about £500 million of underfunding, but there is still a big hole. That means that people are not necessarily getting the level of care that they feel they deserve, having worked all their lives.

We might not necessarily have much sympathy with care homes when we say that we want to improve standards and we expect them to improve the services that they offer, but care homes have their own problems. Some care homes improve services willingly and some do so while pointing out that having the additional funding to improve standards would be beneficial and appreciated. However, some care homes say that other problems have been created for them—for example, the bureaucracy that is put in their way and problems relating to employment issues. When the Government decided to crack down on immigration and change the rules, I doubt whether there was an MP with a care home in his constituency who did not find a care home worker on his doorstep saying that their work permit would not be renewed and that they would be sent back home to the Philippines or wherever.

Migrant workers comprise a significant proportion of the social care work force. The Association of Directors of Adult Social Services estimates that one in two care staff in London is a non-EU citizen. The Government published the shortage occupation list for tier 2 of the points-based immigration system in November 2008. The list contains skilled occupations where vacancies can be filled by migrant workers from outside the European economic area. The LGA welcome the fact that skilled senior care workers are included in the tier 2 list, but to be "skilled" requires that the individual must earn at least £8.80 an hour after deductions for accommodation, meals and so on. There is also a requirement for a national qualifications framework level 3 or above.

Martin Green, the chief executive of the English Community Care Association, has said:

"We cannot understand why skilled work riders and frozen fish cutters are deemed to be skilled workers without an attached required salary while senior care workers will in essence be prevented from entering the country to undertake the valued work that those currently here already do."

Although people might say, "Yes, we recognise that this is a skill and accept that the qualifications are necessary," the salary level being put with such jobs is causing problems in the care sector.

I ask the Minister to consider that if £8.80 is the requirement and that is based on the industry, why is it that those who run care homes—certainly those in my constituency and I believe those in other constituencies—will say that that figure is more than they are currently paying their European qualified staff for work? The amount seems to be set at an arbitrary level that is designed purely as a cut-off point to stop people coming into the UK or to be used as an excuse at a later date to remove care workers from the UK. I will come on to dementia in a moment because it is particularly important that there is not a continual change in care home staff who work in that area.

The LGA has questions about funding. It says that

"adult social care services are funded through a combination of central and local government funding"

and that total adult social care spending for 2008-09 was £13.78 billion. Of that figure, central Government general grant funding was £6.29 billion, specific grant funding was £2.15 billion and the contribution from local government £5.33 billion, which is approximately 20 per cent. of total council tax receipts. The Government are applying greater pressure and saying to councils, "You must limit your council tax increases." However, as I said, council tax funds a service that increases in cost, in real terms, by 7 per cent. a year. That is rather more than the amount by which local authorities are being told that they are allowed to increase council tax and by which they are trying to increase it. Even greater pressures are being applied to local authorities. They are being told that they cannot raise the level of council tax—they are not allowed to increase the element that they control—but that the Government will not adequately increase funding for care. The people who will lose out are those in care, because, at the end of the day, we are squeezing the care homes.

The surveys clearly say that where there is poor care, the residents blame the low wages that some of the care homes have to pay because they are not funded to pay adequate wages. It is still true that people can earn more money at night stacking shelves in large supermarkets in my constituency than they can earn during the day caring for people in homes. Many young people will opt for the easy job in the evening rather than the job during the day.

I wish briefly to discuss Laing and Buisson's report. I have not been able to see the detailed brief. Someone in my office went online to see whether the full report was available and found that apparently we have to pay £100 to see it. I assume that a copy will be available for Members in the Library and that we will be able at some point to read it without having to spend that money. It did not seem practical to pay £100 to read a thick wodge of a report all the way through this morning.

Some quotes from the report were put on the website, and there was also a stimulating discussion of the issue on Radio 4. The most telling point was that there is not enough training in the sector. A statistic from the radio programme—I have this as close as I could get it—is that only one third of the homes that are designated to care for Alzheimer's patients are providing staff with the necessary specialist training. That is a severe condemnation of our current system.

As I said earlier when discussing other issues, there is improvement, but the Government need to grasp the report that will be published today, listen to the Alzheimer's Research Trust debate this afternoon and come up with answers about how we can make further improvements. The Minister has already stated in his response to the report:

"The national dementia strategy will improve the quality of care in care homes."

That quote was on a website this morning. That is fine. The strategy is there, and the 17 points are vital. We buy into them—no problem at all—but my purpose in going through all the funding arguments that I raised earlier is to say that, unless funding follows, the strategy is not worth the paper it is written on.

I beg the Minister to step up his argument with the Treasury that this issue should not be forgotten. Alzheimer's is probably the disease that most of us fear getting. To most people, cancer is a big fear, but the idea that we could slowly lose our mental capacity puts dread into the hearts of most people. The issue must be fully and properly addressed.

The majority of care is done in the community—people are looked after in their home—but a significant number of people are in care homes, and there will be a substantial increase in the number who will need to go into them. Unless we start saying that the money will follow, those people will lose out.

I mentioned immigration policies. The Alzheimer's Society website gives three principles for good-quality care. The third states:

"Staff caring for people with dementia should be trained in supporting people with dementia."

As I said, that is not happening adequately at present. It goes on to state:

"Continuity of care, which allows relationships and trust to build up between the person with dementia and care staff, is also important."

I would ask the Minister to come to south Devon to visit the care homes in my constituency, to look at the bonding between care workers and residents, and then to go back to the Home Office and ask the immigration officials whether it is really right, for the sake of the figures, to send those care workers home because care homes will not be able to pay them £8.80, and his colleagues in the Treasury will not provide the funding.

I would ask the Minister to think about the family who have grown reliant on and developed friendships with care workers, to look them in the eye and say, "Terribly sorry," and then tell them that the person whom their mother or father has grown to depend on and with whom they have developed a relationship, the person who engages with their mother or father every day, who speaks to them and encourages them so that they are not left to rot—the worst that we could do for people with dementia—or left on the shelf but can have a reasonable quality of life, will be sent back to the Philippines, China or wherever. I ask the Minister to visit the care homes, speak to the people and then tell the Treasury and the Home Office that that is not good enough.

11.27 am

**Mr. David Drew** (Stroud) (Lab/Co-op): I am delighted to take part in this debate, and I, too, take particular interest in it. I have a 99-year-old father whose birthday we celebrated yesterday. He is looking forward to his 100th birthday and already has me organising for it. He is in a nice St. Monica Trust care home in Bristol, which is a model that many others could follow. Not every area offers such an opportunity.

I thank the hon. Member for Teignbridge (Richard Younger-Ross) for choosing this subject at this time. Besides my personal interest in it, I have several constituency cases, which the Minister knows something about and which I shall discuss with him in confidence. These things are difficult and we have to be careful about what we say.

To add to the list of events taking place today, the all-party group on dementia will be taking evidence on the future of dementia care, so it seems that the hon. Gentleman has hit the jackpot: there is every possible reason for today being a good day to debate residential and nursing care.

I agreed with nearly everything that the hon. Gentleman said. I probably err on the side of caution when criticising particular nursing and residential care homes. Some in my constituency have shut, and for good reason. Sadly, I have also lost some good care homes for various reasons, but I support the Government's strategy and look forward to the care Green Paper, whose publication is imminent—no doubt my hon. Friend the Minister will say when it will be published.

We need that Green Paper, because anyone who is involved in this area needs to know what the Government's direction of travel is, particularly in respect of funding to support the strategy. I believe that we all agree that nursing and residential care are underfunded, and that the time bomb that we face means that they will be ever more so. The trend is inevitable and relentless. We have moved on from the small, neighbourhood family-run care homes that started the process, long before Government became interested and when not that many people thought about going into care homes. I would argue strongly that many people who went into care homes did not need to; it was just perceived to be the best way to give care. We know otherwise now.

We have moved along the continuum to a much smaller number of larger care homes that are not necessarily locality based and many of which are in the not-for-profit area, as the hon. Gentleman said, but some of which are still private. There are now several different models and the state has begun to get involved again. Having in a sense washed its hands of the matter from the 1980s on, the state has had to recognise, because of the shortfall, that it cannot entirely leave its responsibilities.

Because of the changes, we have had to look quite hard at three key issues that always underwrite the social care we are debating. One is running costs, and certainly the cost of charging, which I know about very well. Another is location—as neighbourhood homes have gone, we have had to consider where people will go if they want to stay locally.

There are still good examples of local care homes, such as Uplands, run by Lynne Gardiner, in my constituency. That is an ideal location for people who have lived in the area and want to stay in the locality in the remaining years of their life. However, for every place with an Uplands, there are many other areas that have lost such locations.

The third issue, which the hon. Gentleman talked about, is staffing. I shall intertwine that into my short speech, because staffing is everything. We should also consider management. I think that we would all agree that a weakness in the area we are discussing is the fact that good managers are at a premium, and good managers who can be retained are at even more of a premium.

I know of some cases that I think are good examples of the problems. I hope that the Minister may want to examine not the particular cases, but the context that they give for understanding how the care sector operates. I call the first the Crystal Fountain case. It is a real-life case and I am still critical of the organisation.

Crystal Fountain care village was set up in my constituency. I believe that it got planning permission on the basis that it would provide a continuum of care from some bungalows and houses, with support, through more sheltered accommodation to, ultimately, a care home at the centre of the care village. Two years ago, having achieved planning permission, it announced that it was closing the care home, which is a purpose-built facility.

The residents, and certainly the relatives of the residents who remained there, were very disappointed, to put it mildly, because they felt that they had purchased their place on the basis of a continuum of care. The disappointing thing was that there was nothing that could be done about it. The company decided to charge individuals in the care home facility for every facet of the care on offer. That was clearly likely to mean that much more money could be made out of the individuals, but those people felt completely let down by the changed nature of the care. I suggest to my hon. Friend the Minister that we need to match planning and delivery to the eventual care outcome. Otherwise, we end up with a deficient number of care home places, which causes upset and removes any semblance of choice.

Another concern that I have is about the remnants of the outcomes of outsourcing stage 2 homes from the county councils, which always had the responsibility. That happened in the 1980s and we had a pretty bloody set of consequences in Gloucestershire. There was a takeover—in an in-house bid for an outsourcing contract, if that is not a contradiction in terms. Former social services staff ran an outfit called Coverage Care. The idea was that they would pay to take on remaining residents, but would rebuild and refurbish homes, and pay a bounty to the county council. It all ended in tears, but I will not go through the history of it.

Now, thankfully, a much better organisation—the Orders of St. John Care Trust—runs the homes. The old problems of homes in need of refurbishment remain, however. Where is the money to come from? The Orders of St. John has some ambitious plans, but I have now been talking to the trust for 18 months and there is not apparently a great deal of movement. That may be because of the market at the moment, but if there is a commitment to improving the quality of the care, we need to know where the funding will come from.

I am asking the Minister to help me with that dilemma. If the money is put in and is then reflected in increased fees, a quite difficult problem will result. Obviously, the self-funders will be the ones to pay for the increase.

However, adult care—social services as was—must also make a commitment to make up the additional fees. That is problematic in the context we are discussing and such matters are not always as easy as they sound.

We want better quality, but we certainly want to know how it will be paid for. In my area, the cost of care has risen dramatically, which leads to unavoidable consequences. Sometimes, one wonders whether people who should be in care are not, because they do not want to pay. That can be a problem.

**Richard Younger-Ross:** A county councillor on the executive in Devon, Sally Morgan, pointed out to me that people going into care have greater problems, and that only people with severe or critical needs are being placed in care by local authorities. If people have such needs, that leads to greater requirements and increases care home costs.

**Mr. Drew:** I agree. As a former county councillor, I remember going to what was effectively a rationing panel, although we did not call it that. It decided who went where and whether there was enough money for that provision. Then the issue arose about where the extra money was to come from if people's needs increased dramatically once they were placed. To some extent, we were reliant on the homes effectively to subsidise some care, because there was never enough money to put in the pot.

The next area that I want to talk about is the inspection process. I am not critical per se of the idea of the Commission for Social Care Inspection. I dealt with several difficult cases during its previous incarnation, and I think that the inspection process must be independent and must be carried out in the way it is. I used to visit care homes as a county councillor; it was one of our responsibilities. We just took it on. We had no particular expertise, but it was important that we should try to do it to the best of our ability.

I welcome the setting up of CSCI, but the problem is that as we drive up standards, we drive some homes out of the marketplace. Even if they are not driven out directly—if some CSCI powers are not used carefully—what is written in the reports drives them out, because people are not encouraged to send their nearest and dearest to those homes.

I have talked to the Minister confidentially about the matter. I know of some cases in which inspections have been quite harsh and have quickly led to a legal process. My criticism is that there is not much room for negotiation. Once there is a bad report for a home with no stars, the legal process that gets under way and the quick progression to an independent tribunal give little room for manoeuvre. We must understand that we cannot have it both ways. If we want the homes at the cheaper end of the market, we cannot drive up the standards so that they cannot survive alongside the more expensive homes.

**Mr. Stephen O'Brien** (Eddisbury) (Con): The hon. Gentleman is making an important point about the effect of the inspection regime under CSCI. Most of us agree that that is an important part of the process. He has pointed out the problem, but has not given an alternative that would assist in driving up quality. We all agree with the hon. Member for Teignbridge (Richard Younger-Ross) that we want a rise in quality in all care home provision in this country.

**Mr. Drew:** There is a role that must be filled in adult care and there are issues with how county councils or unitary authorities are inspected. The dilemma is whether to support homes that need assistance by putting resources into them or to support the more expensive homes, which tend to be run better, although I do not want to cast any aspersions. The dilemma is whether local authorities want those homes to survive and flourish. That is true of Gloucestershire, where the authority is taking legal action over the loss of one of its stars.

There is a huge role for local authorities, but my argument is about whether they can dispense that role as well as they could and should. When a legal process is entered into, the clock cannot be turned back easily. Homes that could stay in place and provide a valuable service are sadly driven out for all sorts of reasons.

My last point on the inspection process is that it is quite closed; everybody knows everybody else. With the best will in the world, care homes know their inspectors and the inspectors know the home's background. That may not always be healthy.

Specialist homes have not been mentioned. We are talking mainly about older people, but care homes contain many other people with different disabilities. My worry is that when one discipline takes the lead, the other disciplines tend to hide from their funding responsibilities. If there is a health-led funding arrangement, adult and children's care tend to hide from their funding responsibilities.

I am dealing with a sad case of somebody who is disabled from the neck down. He is in great need of educational help and is very bright, but he can receive no help to get to the local college where he could carry out a course of study. That is belittling for him and unfair. I hope that the Minister will say how we can get more joined-up thinking and action.

I will finish on a positive note. For the last 20 years, I have been involved in the Standish project, which hopes to turn a former hospital site into an integrated care setting. In future, there must be better partnership between the public, voluntary and private sectors to run genuine integrated care. There are good examples, such as Horsfall House in my constituency. Sylvia Morris and Chris Booth, a local GP, saw that there was no care home facility and so provided it. It offers a genuine continuum of care that provides for people who are fit and able but in need of TLC, through to those with care needs who need to be in an intensive setting. I believe that that is the future. The issue is how we get there and who will fund it.

We would all agree that there is a huge onus on the person who is being cared for and their relatives to provide the lion's share of the funding, unless they are entirely reliant on the state. That can be unfair and can leave people with dilemmas about how much they are prepared to pay, where they are prepared to send their relative and who they are prepared to pay.

11.45 am

**Mr. Paul Burstow** (Sutton and Cheam) (LD): I am grateful for the opportunity to take part in this debate, Miss Begg. I congratulate my hon. Friend the Member for Teignbridge (Richard Younger-Ross) on requesting the debate and on being drawn out of the hat. It is serendipitous that the debate is taking place on a day

*[Mr. Paul Burstow]*

when there is media focus on the subject. It deserves far more media coverage than it attracts, not only on the bad things and the problems, but on the positive elements. All too often, debates of this sort are couched in terms of old age being a problem and a ticking time bomb that will explode under our welfare state and make it impossible for us to provide dignity in old age. Such debates focus on the need to find funding.

I agree with one of the concluding remarks of the hon. Member for Stroud (Mr. Drew) on the need to see the development of care as a continuum. I will take that idea one step further. As human beings, we are more capable than any other species of controlling our lifecycle. The effectiveness with which we have extended our lifecycle over the last century is of great note. We must now look at how we can reinvent the lifecycle and redefine what we mean by old age.

In this debate about care home settings, we must recognise something that was missed in the early '90s, was not understood in the mid-'90s and is just beginning to be understood now. Although providing more care in people's homes and supporting independence through personalised budgets are essential in creating and supporting a wider lifecycle, a proportion of the population will need more intensive forms of care that are more appropriately provided in care home settings. The care homes of the last 30 years are not the ones that we will need in the next 30 years. Nevertheless, because of the ageing population, a substantial number of people will still need care homes, even if the proportion of those people is a smaller share of the population.

I agree with my hon. Friend the Member for Teignbridge that there are many good care homes. I have the privilege of visiting some in my constituency and seeing good caring practice. That practice is rightly driven by assiduous attention not to ticking boxes, but to the needs, wishes, wants and feelings of the people who live there because it is their home. That is an important point. He was right to highlight the growing demand for specialist residential care and for elderly mentally ill beds and facilities. In a way, we all hope to go through that part of the life journey, when we will be more out of sight and out of mind than at any other point in our lives.

I will touch briefly on standards, ask a few questions about dementia and the Government's strategy, which is welcome, and speak about dignity in the context of the personal expense allowance, which is important and overlooked. Last Friday, I attended a breakfast seminar organised by Anchor, which is doing some good work on dignity. There was an American speaker from the Eden project called Dr. Bill Thomas. He spoke about the changed expectations that have come with the baby boomers, not just because they are beginning to contemplate their need for care, but because their parents are experiencing care now. Many baby boomers find it hard to accept the limited choices with which their parents have been presented. Dr. Thomas also underlined a point that the hon. Member for Stroud made—that leadership is the absolutely essential element in organisations, that it is needed to drive changes in culture and behaviour and to make the changes stick, and that the issue is not just about dry regulations on a page, but about how human beings interact.

One point that has struck me about the standards regime in the 12 years since the National Care Standards Commission has been in existence is that, on the knottiest issues, such as medication, nutrition and hygiene, care homes have become more and more like Sisyphus, pushing the rock to the top of the hill only for it to roll back down again. The Commission for Health and Social Care Inspection has documented that in reports and pointed to care homes that can improve their performance in medicine management one year, only for their standards in that area to fall back the following year. That is a fault in the system, and it has yet to be satisfactorily addressed.

When one looks more closely at issues such as medicine review in care homes, it is remarkable just how few visits GPs pay to care homes. I am particularly concerned about that. The number of visits is extraordinarily small, yet that is the population most at risk of polypharmacy, of becoming the victims of the inappropriate use of drugs and of suffering from the overuse of drugs. From the figures in parliamentary answers that I have received, however, it appears that GPs do not cross the threshold of care homes frequently enough to do the necessary medicine inspections and reviews that are a key part of appropriate practice.

**Richard Younger-Ross:** One reason why care homes' standards slip is changeover of staff. If we look at the figures, which I did not have time to discuss in my speech, we find that the turnover rate in the independent sector is almost 18 per cent.—17.9 per cent. If a care home has that turnover of staff all the time, it is difficult for the organisation to be consistent and to keep training the staff all to the same level.

**Mr. Burstow:** My hon. Friend earlier drew attention to what Laing and Buisson identified—namely, fragmented training at specialist units in this country—and also rightly identified from that research the fact that many of those homes do not have formal training programmes. I hope that the Minister will say something reassuring about how the new inspection regime will ensure that that finding does not become a long-term trend.

The Minister knows that for some years, I have raised questions about the appropriateness of using anti-psychotic medication in care homes, and I was pleased last year when his predecessor, the hon. Member for Bury, South (Mr. Lewis), announced a review of their use in the draft dementia strategy. The terms of the review, as I understood them at the time, were not so much to ask whether change was needed, but to plan for change. Although the review was and is long overdue, it was and is welcome, because those drugs reduce people's quality of life, increase costs due to the need to treat side effects and cut lives short.

It is surprising that we tolerate the continued use of drugs off licence for a purpose that a growing body of evidence suggests is not appropriate in the long term. We know, however, that 100,000 people are routinely prescribed them and, from academic studies, that perhaps as many as 23,000 people die prematurely because of their excessive and inappropriate use. I hope the Minister will state when we might see a light at the end of that tunnel—when we will see the action plan that will produce the necessary change to practice.

That brings us to the wider issue of dementia, its care management and the study that Laing and Buisson published today, identifying the training issues that we have already talked about. I want to ask the Minister about the dementia strategy, because it is not a national strategy. It is not a national must-do: it is not in the Department's strategy framework as something that must be done; it is on the framework's next tier as something to be decided locally. Local decision is generally a good thing, but, on the national strategy that the Minister has rightly advanced, I should like some clarity about timelines, because that is what my constituents expect.

I want to ask about the implementation programme board, which I understand has not met yet. I assume that it will have a monitoring role, even if it will not provide an overly disciplined and prescriptive framework, because that is not the Government's intention. When will its terms of reference and membership be finalised? There is a meeting on 31 March of the other body that is responsible for such matters That must mean that the implementation programme board will not meet this month, and that yet another month will have gone by without the monitoring framework to drive the strategy forward having been published. It would be good to hear what the Minister has in mind.

[Mr. Edward O'Hara *in the Chair*]

I shall touch briefly on nutrition. A couple of weeks ago, the hon. Member for Eddisbury (Mr. O'Brien), the official Opposition spokesperson, and I addressed a meeting organised by the British Association for Parenteral and Enteral Nutrition, which has conducted some very good research, demonstrating malnutrition's burden on our taxes. The group has created a nutrition action plan, which the Minister is considering. Until he has done so, however, he is unable to confirm whether that group will be able to continue tackling malnutrition in a multi-agency way, so it would useful if he said whether he believes that it has done a good job and whether he will allow it to continue.

From written parliamentary answers, I am surprised that malnutrition data are not routinely reported to Ministers or senior officials, and that there is no regular auditing of the adequacy of data that are collected. It seems extraordinary that while we focus on obesity, we know that there is a £13 billion cost associated with malnutrition. Surely that should be addressed.

**Mr. Stephen O'Brien:** The hon. Gentleman has made an excellent point about nutrition and malnutrition, and he is well aware of how keenly I follow the issue. I am concerned as to whether the Government have had a chance to uprate their performance in producing statistics and to monitor the situation, because the issue has effectively been unnoticed by them for more than a couple of years. More recently, their publication of statistics was delayed and, although we have now managed to extract them, they did not come via the normal parliamentary channels. There is deep concern about malnutrition becoming a head-in-the-sand issue, rather than something that we should tackle now.

**Mr. Burstow:** The hon. Gentleman is right to challenge the Minister. I am sure that the Minister will respond by demonstrating that his head is not in the sand, and that he is as anxious as all of us to ensure that we use the data that we have to deliver a strategy that bears down on the problem of malnutrition. I hope that he says that.

On the personal expense allowance, I asked a written parliamentary question of the Minister's predecessor in January 2008 about whether he would undertake a consultation on the level and adequacy of the personal expense allowance, which is paid to people in care homes who are in receipt of a pension that they must forgo because of the rules for determining state support. They are left with £21.15 a week—just £3 a day—to cover the costs of toiletries and food, which are the little things that make the difference between being alive and having a life.

The question is whether the proposed 75p a week increase is sufficient to meet the needs and dignity of 250,000 vulnerable and frail adults who live in care homes throughout the country. I do not think that it is, and Age Concern and many others in the movement campaigning on this issue agree with me. Such groups feel a sense of betrayal, because they were offered a clear undertaking by the previous Minister, which was reaffirmed in June last year, as reported in *Hansard*, that there would be such a consultation, only to see that snatched away by the Minister who is here today.

The opportunity for the Minister to learn more about the views, experiences and feelings of those who have to live on £21.15 has been denied. I hope that, although it may be too late to address the increase from 1 April, the Minister might use the opportunity in the coming months to embark on that dialogue with people who have been lobbying him on this issue, so that we can have a more meaningful debate, a more meaningful consideration and a proper review of the personal expense allowance.

It is not only me and Age Concern who are concerned. In a report published on 4 March, the Joseph Rowntree Foundation identified the doubling of the personal expenses allowance as a way of giving more dignity to people in care homes supported by local authorities. That is right—it is a small price to pay for dignity. This is an important thing that we should be doing, and it is a great shame that the Minister has not done it. I hope that he will respond positively to that point and the others raised in this debate.

12.1 pm

**Greg Mulholland** (Leeds, North-West) (LD): I congratulate my hon. Friend the Member for Teignbridge (Richard Younger-Ross) on securing this important and timely debate. How often have we said how important and timely this subject is? It is not only an enormously important subject for hon. Members, but an important and emotive subject for families throughout the country. More than 400,000 people are living in care homes in the United Kingdom. As all hon. Members know, and as has already been mentioned, with almost a quarter of the population estimated to reach pensionable age by 2032, we have to address this matter now.

I shall start by echoing some of the comments made by other hon. Members about the wonderful work that goes on. It is always important to say that. I echo comments made by the hon. Member for Stroud (Mr. Drew) about care homes in his constituency, and comments made by other hon. Members who have made it clear that there are wonderful examples of care homes in the

*[Greg Mulholland]*

public, private and voluntary sectors that are delivering excellent care. It is always important to say that and use those as real examples. Unfortunately, I am sure that I am not the only hon. Member who is sick of having to highlight the fact that too many care homes—perhaps a hard core of care homes—repeatedly fail to meet the basic standards of hygiene and infection control.

Only last week, a freedom of information request to the Commission for Social Care Inspection revealed that 169 homes in England had recorded major failures in unannounced inspections—28 of them on more than one occasion. Inspectors in those cases had found residents forced to wear coats because the homes were so cold and found homes that smelled of faeces and urine. One home had such appalling standards that inspectors issued a notice under the Police and Criminal Evidence Act 1984 to take photographic evidence of, for example, bags of used incontinence pads left outside attracting vermin, dining rooms with food stuck to chairs and walls, commode bowls and urine bottles left to soak in a bath and dirty razors that may have been shared by residents left in bathrooms. The research also uncovered one case where major failings had been noted, but CSCI does not appear to have returned to re-inspect the home for over two years. The inspection process has not been working adequately. Perhaps more worryingly, follow-ups are not necessarily happening. The inspections are identifying problems, but action is not being taken in respect of the follow-up.

I am sure that the Minister agrees that we must, regardless of the effect on the profitability of private homes, have basic minimum standards of care for hygiene, nutrition and malnutrition, as my hon. Friend the Member for Sutton and Cheam (Mr. Burstow) has mentioned—I pay tribute to him for his work leading on that issue—and for dignity and respect. It is vital that we have that. If homes cannot meet that standard, their business model is wrong. I have no qualms in saying that the worst homes should be shut down.

From 1 April, we are moving to the Care Quality Commission, which is currently consulting on standards and, specifically, on how it will enforce them. I am sure that all hon. Members agree that it is vital that the CQC uses the new powers to ensure that those key principles—those minimum standards—are adhered to. I ask the Minister to outline progress on that and what we can expect from 1 April.

My hon. Friend the Member for Teignbridge has already mentioned staff training. I am sure that we all agree that there are concerns that the stipulations on care staff are not adequate. The story today, in terms of the lack of specialist instruction with regard to people with dementia, as the findings of the research show, is that the training is "fragmented and ad hoc". Clearly, under the remit of the national dementia strategy, which we have all welcomed as an important step forward, we need to move away from training being fragmented and ad hoc. Will the Minister give us his thoughts on that? He has made positive comments about the need for specialist dementia training in particular, but generally how will that lead to a much better national framework of training for people?

My hon. Friend the Member for Sutton and Cheam, who has highlighted this issue powerfully, made the point about the use of anti-psychotic drugs, which is a scandal in our care homes. As we thankfully move away from this practice—all hon. Members warmly welcome that direction of travel—we have to face up to the implications of doing so, which mean that there will be a need for better services for people with dementia and therefore for better staff training. That will put the situation in greater focus.

We had much discussion about the human rights loophole, which I am pleased was closed by amendments in the House of Lords that meant that people in private and voluntary care homes providing services to local authorities were covered again by the Human Rights Act 1998. I want to bring to the Minister's attention self-funders, who are 40 per cent. of people in care homes. Some 115,000 self-funders—27 per cent. of care home residents—are still not covered by the Human Rights Act. The Government have said that that will be dealt with in the equality Bill, but I ask again for reassurance that that is going to happen and for the Minister to say when it will happen.

Funding is important. It is not possible to take this debate forward without a genuine commitment to funding, and we are all on tenterhooks waiting for the Government paper looking at that. I am sure that the Minister accepts the frustration felt by organisations about this having taken so long, because we still do not know what levels of funding we need. The simple reality is that the system is broke and it needs fixing more quickly than is currently suggested by the direction of travel.

The Minister may wish to criticise and make party political points about where money is coming from and realistic levels of funding, but the Liberal Democrats have committed in our manifesto for the next election to £2 billion of investment into the care system to pay for a personal care grant that would give a minimum standard of care—going back to that vital word—for everyone over 65 who is assessed as needing care.

The reality is that, at local authority level, we are seeing the narrowing of criteria and increasing problems with people not getting care that we all agree in principle that they need. I ask the Minister to bear that in mind. We hope that there will be a significant commitment to filling that funding gap.

Immigration is an important issue. One of the problems in care homes is not only recruiting staff, but retaining them. There is an unfortunate issue with the points-based immigration system. I support that system, because it is clearly a sensible way of dealing with immigration and the skill needs of this country, but is there a way to recategorise senior care workers in particular, so that they can work in care homes and plug the gap? That would be a big step forward.

This is an enormously important debate. We agree on an awful lot, and all hon. Members in the Chamber are passionate about people in care homes. I simply ask the Minister to take our points from this debate and to answer our questions. The issue will become even more pressing because of the numbers involved, so will he give as much positive news as possible today, particularly about standards and what will happen on 1 April when the Care Quality Commission comes into being? With only a few weeks to go, it would be great to hear about the positive changes that it will make.

12.10 pm

**Mr. Stephen O'Brien** (Eddisbury) (Con): I congratulate the hon. Member for Teignbridge (Richard Younger-Ross) on securing this important and timely debate. It has been important and timely for 11 years, and it will continue to be so, particularly when the Government publish their Green Paper. The hon. Gentleman covered the three main areas of funding, quality and work force, and touched on immigration issues. Given the regularity with which we have debated the matter, I will focus my comments on those issues.

We should not have to discuss the matter again today, because the Government have been promising to sort it out for 11 years. As far back as 1997, Tony Blair promised to end the practice of people selling their homes to fund their long-term care, but he rejected the findings of his own royal commission, and the Government have been accused of ducking the issue ever since by putting it in the "too difficult to deal with" box. The former Minister with responsibility for care services, the hon. Member for Bury, South (Mr. Lewis), had the temerity to suggest on 29 March last year that the Government have recognised that problem "belatedly".

Instead of planning reform, the Government in their 2005 manifesto gave a commitment to continue to provide health care free in care homes. That is what happens anyway, and we all agree with it, so it was interesting to promise in a manifesto to maintain something that is not an issue. The current Prime Minister failed to address the matter in the Government's latest spending round in 2007, despite the fact, which I acknowledge, that Health Ministers badgered the Treasury and raised expectations of a new settlement, which were later dashed.

The Liberal Democrats—the party of the hon. Gentleman who secured this debate—have not delivered when they have had the opportunity to do so in government in Scotland. It has been shown that their free personal care model from the last election is not without it is problems and costs. It is not free, because it does not cover hotel costs and so on. The hon. Member for Romsey (Sandra Gidley) used the word "dishonest" in this very Chamber; other hon. Members did not dare to use that word—

**Greg Mulholland:** Will the hon. Gentleman give way?

**Mr. O'Brien:** No, because the hon. Gentleman knows the point that I am making, and we have discussed it many times. It is vital to put it on the record that the current policy has been dropped, and that the pledge now is for a "care guarantee", which he suggested would cost £2 billion. *[Interruption.]*

**Mr. Edward O'Hara (in the Chair):** Order. The hon. Gentleman has said that he will not give way.

**Mr. O'Brien:** As has been said, the main point about the care guarantee is that it is important to understand absolutely what might be contained within such a guarantee and how it would interact with a localist agenda. The Minister took a slight intake of breath when that was mentioned. The important question is always where the money will come from, which is why we have these debates. It is a real challenge to find the funding for what we all want to be changed. We must all wrestle with that, and I am glad that the Liberal Democrats have moved from saying that it will come from efficiency savings—

**Mr. Burstow:** Will the hon. Gentleman give way?

**Mr. O'Brien:** No, I will not give way; I want to make my point. The hon. Member for North Norfolk (Norman Lamb) said last month that funding will come from savings on the identity card scheme, which we would also scrap. It is important to identify clearly and fully where the pots of money will come from to support the guarantee. The hon. Member for Sutton and Cheam (Mr. Burstow) has referred to that, so it is fair to continue to challenge that fundamental area of policy.

We have all hashed out funding models following the Wanless analysis, which is broadly the basis on which most people debate the matter. The debate circles around the partnership model, the limited liability model and the free personal care model from the Wanless report, as well as the national care fund, which the International Longevity Centre has proposed. Work has not been done on what a basic package of care would look like, what it would cost, how it would be flexed and what the overall uptake and cost are likely to be.

I fear that there has been a tactical approach—perhaps even a safety-first approach—by the political think-tanks, and the issues are not even party ones. I hope that the Green Paper will provide the Government with the opportunity to do that work, and I hope that the Minister will take the opportunity to confirm that it is happening.

The paucity of commissioned academic work does not bode well for the Green Paper. I was pleased to discover through parliamentary questions that the Government have

"commissioned two academic studies to inform the green paper process. The purpose of one piece of work, being undertaken by the personal social services research unit, is to make projections of likely future demand for long-term care and associated expenditure under a range of different funding scenarios. The other piece of work, undertaken by Les Mayhew of Cass Business School, concerns the financial products that could potentially support private contributions in a new care and support system."—[*Official Report*, 23 February 2009; Vol. 488, c. 253W.]

"Inform" is an important and well-scripted word. I hope that the Minister will confirm that those pieces of work, paid for by taxpayers, will be published as soon as they are completed and that they will certainly be published alongside the Green Paper. I hope that that assurance will be forthcoming.

The Minister is aware that we often talk about the need for consensus, and it is important to consider that whether we are discussing a Turner-like model or whatever. I am well aware from informal discussions with my Liberal Democrat counterpart, the hon. Member for North Norfolk, and the Minister that not only should that consensus consist of a shared analysis, but the Opposition parties should be invited to a round table, because the present fear is the introduction of a policy that will put up dividing lines, which are so beloved of the Prime Minister.

On the impact of funding streams on care homes, we are rightly moving to a system in which funding follows the user in the form of individual budgets, direct payments and so on. Care homes will increasingly lose the security,

*[Mr. Stephen O'Brien]*

and local authorities will increasingly lose the bargaining power, that comes from block purchasing. I hope that the Minister will touch on those issues in his response and certainly in the Green Paper. I have received an e-mail from Anne Marie Morris, of whom the hon. Member for Teignbridge is aware. I have only just realised that, because it says that she is from Newton Abbot, which I gather will be the new name of the hon. Gentleman's constituency. She has written to say that there are big concerns about the change in the funding formula for care homes, which I think we all agree causes grave difficulty for people in care homes, because so often the service user must pick up the bill.

The hon. Gentleman talked about quality, which causes deep concern with the demise of the Commission for Social Care Inspection. One could rehearse the various arguments about what will happen to CSCI, but we all believe that the challenge for the future will be to ensure that the CQC continues to build on the good work of CSCI and does not let social care and social care inspection become a second-order issue within its overall work.

The hon. Gentleman rightly mentioned immigration and training pressures, the high turnover of staff—that was highlighted in the e-mail—and that the quality of the work force is vital. I hope that Dame Denise Platt's recommendations, not least from her 2007 review of the status of social care, which have yet to be implemented by the Government, will be a deep influence for action by the Minister in the coming months. The litmus test for him will be to give as much of a clue as he can, in addressing the issues raised by the hon. Member for Teignbridge, about what the Green Paper is intended to cover and whether it will include costed options, so that we can at last have a conversation with the British public on this live and crucial issue.

12.20 pm

**The Minister of State, Department of Health (Phil Hope):** First, I congratulate the hon. Member for Teignbridge (Richard Younger-Ross) on securing the debate. I thank him for raising a very important issue and for putting it on record at the beginning of his speech that external bodies have recognised that the Government are pressing forward with improvements across the board on support and the quality of care. I shall say more about that in a moment. I also thank hon. Members on both sides of the Chamber who have contributed to the debate. Hon. Members come to these debates with a lot of passion, because the subject often affects them, their families and, of course, their constituents. Those experiences inform our desire to do more and go further.

I shall take this opportunity to applaud the great efforts by regulators, such as CSCI, by care home providers, by nursing home providers, by people who provide domiciliary care and by staff, who have done a huge amount to raise standards in social care. I agree that there are still areas that are in need of improvement, but there has been continuous improvement in the quality of care since we introduced new regulatory arrangements in 2002.

By the way, today is world social work day. I mention that in case hon. Members were not aware of it. It is a good opportunity for all of us to recognise the central role that social workers play in supporting individuals, families and communities. They do a very difficult job. The values that underpin the role of social work are central to the values that underpin our society. That applies not least to our desire to pursue personalisation—ensuring that services, whether in a care home, nursing home or out in the community, are tailored to meet the needs of individuals.

This issue applies to adults of working age as well as older people. Sometimes debates about care focus only on older people. We know the pressures in that respect, and the demographics and so on, but I want also to emphasise—this relates particularly to the social care Green Paper—that we need a social care system for the 21st century that meets the care needs of working age adults with learning disabilities, physical disabilities and so on, as well as of older people who have retired.

Those challenges will not arise at some distant point in the future; they are with us now. The ageing population is one of the most profound social changes of our time. It is fantastic that we are all living longer—11 years longer on average than we were many years ago—but that makes demands of and puts pressure on our system, not least in respect of funding and quality of care. Building a consensus about the future of the care and support system presents a significant policy challenge not only for the UK Government but for every nation in the world that is grappling with it.

I agree with the hon. Member for Sutton and Cheam (Mr. Burstow) that an ageing society is not a decaying society. He is right to emphasise the positive aspects of becoming older. The fact that we are living healthier and more active lives, as well as longer lives, should be celebrated. I am talking about older people as active citizens, having more choice and control. However, when care needs arise, care has to be provided in a way that supports people to maintain that independence and to have that choice and control.

Before I talk about the detail, I want to emphasise, in relation to the social care Green Paper, that because of the pressures, the changing expectations and the transformation of social care that is going on today, we need a radical rethink of the care and support system. The Green Paper is the vehicle for that debate, and it will be published soon. That will be an opportunity for us to have these debates in the way in which the hon. Member for Eddisbury (Mr. O'Brien) has requested.

I want to put on record again the deferred payment scheme. People can go to their council and ask that they do not have to sell their home in their lifetime to pay for their residential care. They can defer that payment, if they approach their local authorities. That is an important point that the hon. Gentleman often misses out in his contributions.

Standards have been a key theme throughout the debate. The hon. Member for Leeds, North-West (Greg Mulholland) reminded us of the 169 homes that failed the inspection by CSCI. No one should have to experience what was described in a home. I agree with him about that. I will add, though, that although those

169 homes failing the inspection is unacceptable, it is good that 10,208 other care homes are not providing a service of that kind; they are providing a service that does meet the standard that we would expect.

The performance of care homes measured against all national minimum standards has shown improvements each year since those standards were introduced. In 2007-08, care homes for older people met on average 82 per cent. of the standards, compared with 72 per cent. in 2004-05, which is a big improvement. Care homes for younger adults met on average 85 per cent. of the national minimum standards, compared with 76 per cent. in 2004-05. We all recognise the work of CSCI and providers in bringing about those improvements. I am confident that the new Care Quality Commission, which the hon. Member for Teignbridge mentioned, will continue where CSCI left off.

I understood the point that my hon. Friend the Member for Stroud (Mr. Drew) made about inspection and the inspection process, but it is vital that we continue to drive forward and improve standards in our care system. In 2008, 82 per cent. of homes for older people met or exceeded the national minimum standard for hygiene and infection control, compared with 77 per cent. in 2006 and 66 per cent. in 2004, so work is going on and improvements are being made.

Current regulations require care homes to ensure that staff are adequately trained. Hon. Members have mentioned the key issue of training. The regulations and the registration requirements being prepared now will include similar provisions. The CQC, as a regulator, will have a role in inspecting against those, as well as enforcing compliance.

The hon. Member for Sutton and Cheam has mentioned the nutrition action plan. Nutrition is another element of care quality in homes. I have seen examples of excellent practice on nutrition, such as printing menus with pictures so that people can easily identify the food and then want to eat the food that they can see, but clearly more needs to be done. The nutrition action plan delivery board was launched by my predecessor, my hon. Friend the Member for Bury, South (Mr. Lewis). Its chair is Gordon Lishman. It has been meeting for the past year, and it is due to give me a full report in about a month's time. I shall examine the report and make decisions on its findings.

Staffing issues have been raised. I appreciate the concerns about immigration, but I do not think that the new points-based system will mean that care home providers cannot recruit enough care workers. Our policy objective is to be more reliant on the domestic labour market.

**Richard Younger-Ross:** Will the Minister give way?

**Phil Hope:** I do not have time to give way; I apologise to the hon. Gentleman.

It will take time to improve local supply, so we are planning to produce a work force strategy for adult social care this spring. Part of the remit of that strategy will be to set out what the sector needs to do to attract, develop and retain a suitably shaped, skilled and qualified work force to fulfil our policy objectives on delivering personalised care. Much of that will mean recruiting from relatively untapped employment markets across existing communities. Delivery depends on activity at the local employer level, which will take time to work through the sector, but I assure the hon. Gentleman that we are on the case. As he will know, most care homes are private businesses, and they agree their terms and conditions of service with their staff, subject to national employment legislation. Of course, it was the current Government who introduced some of those national minimum standards, including the minimum wage and working time directives.

The hon. Member for Sutton and Cheam raised the question of the personal expenses allowance, which was a difficult decision. The question was where we should put our resources. The estimated cost of raising the allowance to £40 a week is £250 million a year. We chose to put £520 million a year into local authorities over the next three years. If we had reduced that by £250 million, it would have meant less money for local authorities to improve the quality of care in their areas, and they would not have had the resources to undertake the essential transformation of social care. The allowance is increased in line with average earnings, but that issue will form part of the debate on the social care Green Paper, because it is a fundamental part of the system that is in place to provide financial care and support for people in our communities.

The dementia strategy was mentioned. I do not have time to—

**Mr. Edward O'Hara (in the Chair):** Order. Indeed you do not, Mr. Hope. We must turn our attention to the next debate.

## St. Helena (Airport)

12.30 pm

**Meg Munn** (Sheffield, Heeley) (Lab/Co-op): I am pleased to have secured this debate on St. Helena and its transport links with the rest of the world. I welcome colleagues from different political parties who have come along to show their support for the people of the island.

When I put in for the debate, my intention was to press the Department for International Development to make a decision on building an airport on the island and to go ahead with this vital project. We now know that DFID has once again decided not to make a decision, but to put the issue out for yet more consultation, engage yet more consultants and spin things out until the turn of the year. No doubt the Minister will try to put a positive gloss on that, but, in reality, these events have more to do with trying to avoid a judicial review of the Department's handling of the scheme.

DFID's history on this project is shameful. It has used delaying tactics and done anything it can to avoid settling the issue of St. Helena's transport links with the outside world—links that could mean life or death for any one of the thousands of British citizens on the island. Those people are British citizens because St. Helena is a UK overseas territory. Just because it is situated in the south Atlantic does not make those people less British, although it perhaps makes them more forgettable for DFID.

St. Helena is one of the most isolated places in the world. It is approximately 1,400 miles west of Namibia, 1,800 miles east of Brazil and 700 miles south of Ascension Island. The only way to get there is by ship, with the island being served by RMS St. Helena, the last Royal Mail ship still in service. This purpose-built ship was constructed in 1989 and is obviously towards the end of its operational life, rather than the start.

That raises the question of how to ensure that the islanders have reliable transport links in the future. Replacing the ship with another purpose-built vessel is possible, but expensive. The jetty at St. Helena would also require remedial work, but that, too, would be expensive. In addition, the islanders are concerned about that option because they remember what happened in 1999 when the current ship broke down, leaving them stranded until repairs had been made.

Let us be clear: if the supply ship breaks down, people and supplies, including vital medical drugs and equipment, cannot get to the island. It also means that islanders cannot leave, including those requiring urgent medical attention that is not available on the island. Even as I speak, the ship is on its way to the UK and will not return to the island until 11 April, but the shops have run out of potatoes.

The obvious answer—it has been obvious for a number of years—is to build an airport. Of course, there is the cost. Building an airport anywhere is an expensive undertaking, and building one on an island in the middle of the south Atlantic, with all the problems of supply, would not be cheap. Until recently, however, the Government supported building an airport. The Foreign and Commonwealth Office supported the project, and we can take it that the Ministry of Defence would welcome an additional landing strip for its air bridge to the Falkland Islands. Incidentally, those islands have fewer residents than St. Helena, but they have flourished thanks to British Government support.

No doubt the Minister will say that the recession provides a new context for delaying the airport project. Taken on its own, that argument might appear to have some worth, but this is at least the ninth year that DFID has appeared unwilling to give the project the go-ahead. Although the Government have continued to give British citizens at home commitments about infrastructure projects, this vital project for British citizens abroad is once more being delayed. Given the positive support, or acquiescence, elsewhere in the Government, it is not surprising that minds begin to wonder why DFID is the one Department of State that prefers to park the scheme. It will not say yes, but will not say no either.

The Government have accepted that overseas territories should be self-governing as far as possible, that they can remain UK overseas territory as long as they wish and that Britain will continue to fulfil its responsibilities to each territory, as set out in each constitution. Citizens of the overseas territories have also all been granted British citizenship and the rights that come with it. When DFID was set up, it was also recognised that the overseas territories would have first call on its funds. To my knowledge, no one in the Government has suggested that the relationship between the UK and the overseas territories should change or that the right of such territories to have first call on DFID funds has been rescinded.

St. Helena is an overseas territory and the islanders are British citizens. The island's economy is weak and deteriorating, and life is becoming increasingly desperate for the population. The infrastructure is poor and not sufficient to realise the island's potential or to sustain the population without subsidy. In 2007-08, the Government's bilateral aid to the island was £17.5 million. In addition, the RMS St. Helena requires an annual subsidy of at least £3 million. The average salary is £4,500, with goods and food being more expensive than in the UK because of freight charges. Many people are forced to leave families and work abroad.

**Anne Snelgrove** (South Swindon) (Lab): I thank my hon. Friend for securing this important debate. A number of the islanders have friends and family in the St. Helena community in this country; indeed, Swindon has the second largest number of people from that community. Would not an airway allow those people to visit their friends and family? At the moment, they are isolated from them.

**Meg Munn:** My hon. Friend is correct. Indeed, one of our Doorkeepers in the House of Commons comes from St. Helena.

Since 2000—this very much illustrates my hon. Friend's point—the population has fallen from approximately 7,000 to fewer than 4,000. As a result, more than 150 children and young adults are in informal foster care. The population increasingly comprises the elderly and children.

The health department has to select which seriously ill patients qualify for further care and treatment in Cape Town or the UK, and that practice will only increase with an ageing population. Access to medical

supplies is poor. Residents rely on supplies delivered by RMS St. Helena. As we saw in 1999, when the ship broke down, the island is vulnerable.

**Mr. Fraser Kemp** (Houghton and Washington, East) (Lab): I congratulate my hon. Friend on introducing the debate. Does she share my concern about the fact that the hospital has been unable to use a scanner for a number of months because of the difficulty in getting an engineer from Siemens—the company that provided the scanner—to look at it? That is another example of how the lack of access impacts on every walk of life, whether in health, education or the economy.

**Meg Munn:** I entirely agree with my hon. Friend, who has had the opportunity to visit St. Helena, although many of us have not, because of the time it takes to get there. By contrast, the scanner in the hospital on the Falkland Islands, which I have visited, is state of the art. The hospital can scan patients and send the scans to Brazil for advice on what treatment to use. The fact that the scanner on St. Helena cannot be used is an indictment of the current situation.

Discussions about building an airport first took place in 1947, but the current project goes back nine years to 2000. Over those years, there have been many twists and turns, feasibility studies and consultants' reports. I will not spend time discussing all that, suffice it to say that it does not reflect well on DFID's ability to develop and implement projects.

The Government have already earmarked £234 million for the airport and associated infrastructure improvements. DFID has selected an airport contractor via competitive procurement and spent substantial amounts of taxpayers' money in the process. The contractor—Impregilo—has already invested significantly and has a team on the island ready to start work. Significant inward investment is ready to go as soon as the airport scheme is given the go-ahead.

Shelco—the St. Helena Leisure Company—has been set up specifically to develop the leisure facilities to support the development of St. Helena's economy. It has substantial investors in place to underwrite between £80 million and £100 million of investment. Shelco has acquired options on an area of St. Helena and the Oberoi group is its hotel partner. They propose creating low-volume, high-value tourism, including a six-star eco hotel. That is the local preference, and it was recommended in a UN report and supported by two DFID-commissioned reports. That would create jobs and future income for the island.

Developing St. Helena and building an airport would be in the UK's strategic interests in the south Atlantic. It would substantially help the economies of other British overseas territories—the dependencies of Tristan da Cunha, Ascension and the Falkland Islands. Opening the island to low-volume, high-value tourism would create opportunities for new local business ventures.

The infrastructure and economy needed to support the influx of tourists would provide the many islanders working abroad with the opportunity to return to the island, which would help to generate a self-sustaining economy. That would enable the island gradually to reduce its financial dependence on the UK. We understand that the modelling undertaken by DFID economists shows that the airport is the best-value option to achieve the Government's policy of creating a sustainable economy. I would be grateful if the Minister confirmed that that is the case.

It is not an overstatement to say that DFID's recent decisions threaten the viability of the airport project. They also threaten the regeneration project put forward by Shelco. Impregilo, the preferred airport contractor, needs certainty. If that does not happen, DFID will lose the company, and the lengthy and expensive airport tendering process will have to start again. It is most unlikely, given its history, that other parties will come forward. The delay will exacerbate the difficulties faced by the islanders, who are already dealing, month by month, with economic decline.

Building an airport is the choice supported by the people of the island. In a 2001 public referendum, 72 per cent. of the islanders voted in favour. Without an airport, there are no positive prospects for St. Helena—nothing except continued, steady economic and social decline. At the same time, the UK taxpayers' subsidy will be steadily climbing, but the people of St. Helena do not want UK handouts. As British citizens, they deserve—and need—the Government to take them seriously, and to support them in a way that will open up possibilities for developing their economy and securing their future.

The airport option would do that, and do so immediately. The stimulus to the economy once the project started would be substantial. These are dark economic days for most of the world. By keeping the long-standing promise to build an airport, we would stimulate recovery and hope in one of the poorest British areas of the world, and we would do so in a manner that created growth and self-sufficiency. The recession provides an additional reason to get on with the project, not a lame excuse to delay it further. At this late stage, I urge DFID to support St. Helena, agree to the building of the airport and invest in the future of the island.

12.43 pm

**Bob Russell** (Colchester) (LD): I speak as chairman of the all-party group on St. Helena. If the Minister is not aware of the fact, I advise him that last week hon. Members and many of the Saints living in the United Kingdom presented a petition to 10 Downing street. We await a response with great interest. What we did not expect was the shameful ministerial statement, made yesterday and published this morning, to which the hon. Member for Sheffield, Hedley (Meg Munn) referred. I congratulate her on her measured speech, but this is not the first time that we have had an Adjournment debate about the island of St. Helena. The sense of betrayal cannot be understood, but if the Minister had been present last week, he would have witnessed it.

I offer the Minister an invitation. No Minister has ever visited the island. Royalty has been there, but no Ministers. If the Minister, or a member of his ministerial team, were to visit St. Helena, things could be seen at first hand. Perhaps the dead hand of the Treasury, rather than DFID, is involved. However, the only future for the island and its residents is the airfield, as was well set out by the hon. Lady. Such a betrayal—after all these years and when the contract was about to be let—is inexcusable.

*[Bob Russell]*

There are Saints living here, and some keep Ascension Island and the Falklands going. Why are the Falklands and St. Helena treated so differently by Her Majesty's Government? It is time that the airfield was built. Yesterday's shameful act must quickly be rescinded. The Government should get on with the contract. The builders are ready to go in. They should be able to get on and do the job now.

12.45 pm

**The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster):** My hon. Friend the Member for Sheffield, Heeley (Meg Munn) has instigated a timely debate on the important matter of air access to St. Helena.

I use my remarks today to present a wider perspective on the issues that have been raised and to elaborate a little on the statement that the Government made yesterday on how we wish to proceed. Although I have not had the experience of visiting the island myself, my immersion in the subject over recent months makes me feel almost as if I had been there. Because of the interest shown in the project, and expressed on both sides of the House, I feel rather as Napoleon must have at one time—that there is no getting away from St. Helena.

I want to reassure my hon. Friend that, at root, there is no difference between us on a long-term commitment to St. Helena. However, in facing the challenges before us today, the Government must be responsible and take stock if circumstances change to the extent that they have. That is what we are doing. That is why we announced the consultation exercise yesterday; we want to ensure that all views will have been heard when we come to decide on the way forward. I shall speak on that in more detail in a moment.

Hon. Members will be aware that on 8 December last year we announced that there would be a pause in negotiations over the St. Helena airport contract. We decided that it was necessary in the light of the changed economic climate, which has been changing for the worse for many months but which intensified quite dramatically in the autumn. The Government had a responsibility to take a step back and to review whether it was right to proceed with the project in such circumstances.

I hope that all hon. Members will agree that present circumstances present a very different setting from those of 2007, when the project was tendered for, and even more different from when the initial announcement was made in 2005. We have a responsibility to be absolutely sure that levels of expenditure that the project could incur remain appropriate. I met the Governor of St. Helena on his recent visit to the United Kingdom to explain how matters stand and to hear his views. I have also met Impregilo, the bidding company, to explain our position. I am, of course, aware of its decision to maintain the validity of its bid until the end of April. It is for the company to judge its response in the light of yesterday's announcement, which presents a longer timeline before a final decision is made.

As my right hon. Friend the Secretary of State said recently, the present economic conditions are unlike any that we have seen for generations. The medium and long-term consequences are uncertain at present. However, those conditions significantly affect the Government's ability to achieve all their international development objectives. Therefore, the reality is that we must revisit the choices before us, although we recognise the special place that our overseas territories have in our aid programme.

At this point, I should correct my hon. Friend—the overseas territories do not have first call on DFID's funds per se, but first call for reasonable development needs. It must be seen in that wider context. Inevitably, part of the consideration is what is reasonable in the present circumstances. Other overseas territories are also experiencing difficulties in the current climate, and we must recognise those new pressures too when coming to a decision.

The impact of the crisis is being felt in the developing world already. Aid and private finance flows are already falling, remittances are dropping and demand for trade exports is slowing. It is estimated that by December 2010 about 90 million more people will be living on less than $1.25 a day, because of the financial crisis. Progress towards delivering the millennium development goals will slow significantly, and there is already evidence from Ethiopia, Bangladesh, India and Pakistan suggesting that the poor are taking their children out of school to save money.

Developing countries are being hit, and in different ways. The volume of our aid has been adversely affected by the sharp depreciation of sterling against most other currencies. Our UK aid pound is not going as far as it used to. Export markets are reducing and the level of world trade is falling for the first time in 25 years. Remittances sent by individuals back to developing countries are expected to fall by up to 6 per cent. this year alone. Capital flows to emerging economies are predicted to fall by 80 per cent. in 2009, compared with 2007 levels. The prospects, therefore, for millions of people in developing countries are changing rapidly for the worse.

**Bob Russell:** Will the Minister please accept that those living on St. Helena are British?

**Mr. Foster:** That was made very clear at the outset, when I explained the position of the overseas territories, of which St. Helena is one.

The changes that I have described are already resulting in new demands on DFID's budget. Countries need more help to adjust to these impacts, to produce contingency plans and to ramp up social protection systems. In Ethiopia, DFID has given £15 million for social protection to help to sustain the livelihoods of 7 million people.

**Meg Munn:** I entirely understand the Minister's concern about people in the developing world, with which I am sure that not one hon. Member here disagrees. However, the point that I and other hon. Members are making is that the cost of maintaining the current situation will be greater than that of building an airport. Our aim is to save money and to ensure that it is available for development elsewhere, not to pay more.

**Mr. Foster:** My hon. Friend makes a valid point about the potential for the airport to deliver the self-sufficiency outlined in the 2005 Atkins report. In the

current climate, pausing and reviewing the situation makes good fiscal management. We are not turning our back on the people of St. Helena.

The future is very uncertain. We know neither the length and depth of the recession, nor its impact on developing countries, so it is incredibly important that DFID remains flexible and resilient, and able to move resources around and to adapt to shocks. It is also important to appreciate that the projected cost of the airport is of a level that makes it a significant factor in the consideration of our priorities.

**Mr. Kemp:** Will the consultation bear in mind that the huge figure quoted in headlines would not be paid up front, but could be tranched over a number of years? It is important that the consultation considers that and other economic factors. For example, it will cost £10 million to fit RMS St. Helena with two new engines. Furthermore, it would be helpful if the Minister could indicate when we can expect a response from the consultation.

**Mr. Foster:** My hon. Friend makes a valid point, and I would hope that those listening will take on board his comments about what factors should be considered in the consultation. I shall come shortly to the time scale that we envisage, when I talk about the consultation in a little more detail.

I cannot go into detail about the tender estimates—it would be wrong to do so—but Members need to appreciate that we are contemplating a figure well above the one reported in the media recently of £100 million. Since we began, in 2005, the estimated cost of the project has grown more than threefold, which makes it a more finely balanced choice—even more so in the current conditions.

**Anne Snelgrove:** Has the Minister or his Department made an estimate of how much it will cost, over the next one, two, three, four or five years, to keep RMS St. Helena going?

**Mr. Foster:** Absolutely. A feasibility study was carried out in 2005, and the maintenance of RMS St. Helena formed part of those considerations. I hope that that is borne out in the responses to the consultation exercise.

The consultation was announced yesterday. We will publish a consultation document by early next month, and much of the detail in which I imagine Members are interested will be set out there—I cannot go into the details too fully today. It will provide more information about the factors that we have to consider in reaching a decision, in particular the impact that the present economic difficulties have on the Department's resources, and including the special position of the overseas territories. We are likely to indicate some options on access where views are particularly sought, including an airport and one or more ship options. We will also make it clear that it will be open to respondents to submit views on any relevant aspect of the access issue. It will be open to any interested party to respond, and we will ensure that a visit to the island is part of the exercise, which we will run in line with the Government's code of conduct for holding public consultations.

People will ask, "What will this tell us that we do not already know?" I cannot prejudge the outcome of the consultation or what it might produce. However, we want to ensure that, before taking the final decision on the project, we are satisfied that we have all the information and views relevant to our decision, and that everyone with an interest in the matter is also satisfied that they have been able to put their perspective to us.

**Bob Russell:** We have had consultations before. What is new about this consultation? Does the Minister not accept that the failure to provide an airfield means that the island's economy will continue to decline, whereas an airfield would enable the island to be economically viable?

**Mr. Foster:** The economic conditions have changed. The whole world is grappling with that at the moment. It is only prudent to reflect on that change before coming to a final decision on the St. Helena airport contract.

In conclusion, I recognise that those who have followed the fortunes of this project will be frustrated with the current situation, but these are exceptional times. The challenges we face are also exceptional, and no one is immune from them. Although St. Helena is remote, its people are well aware of the gravity of the challenges being experienced by the UK and all other Governments around the world. I hope that there is a strong participation in the consultation. It is important to hear a representative view from the island and, of course, from islanders elsewhere, especially those living in the UK.

## Car Park Charging (Richmond Park)

12.59 pm

**Justine Greening** (Putney) (Con): I look forward to giving my speech under your august chairmanship, Mr. O'Hara, and I would like to thank the Minister in advance for the time that she will take to respond to the concerns that I raise on behalf of my constituents.

Let me run through the background to today's debate. Currently, there is no charge for parking a car in Richmond park. The park is next door to my constituency and used by thousands of my constituents, and by probably hundreds of thousands of Londoners and others who live outside London. For my local residents—and for me, as somebody who lives locally—it is a fantastic community facility enjoyed by many thousands of people. Many people live in Putney and Roehampton because of their proximity to wonderful parks such as Richmond park and also to Wimbledon common. When the Royal Parks Agency launched its consultation, which includes the proposals to introduce car park charging in Richmond park, many of my constituents contacted me because they were concerned about how such proposals would affect their ability to continue enjoying the park.

Let me now outline what is in the consultation document and what is being consulted on at the moment. The proposals include a car park charge of £1 an hour up to a maximum of £3 for a stay of three hours or more, and a six-hour limit on cars staying in the park or in a car park. I tabled some parliamentary questions to find out how much revenue such proposals would raise—in other words, how much people would have to fork out over the year. It was difficult to get any concrete answers from the Minister. I will table more parliamentary questions to try to get a better idea of how much the proposals might cost local residents who use the park most. I estimate that the figure could be about £500,000 of car park charging revenue.

Let us look at the basic charge referred to in the consultation document—£2 for a two-hour stay. If somebody walked their dog in the park every other day, they would have to pay a cost of £400 annually for using the park. For many of my constituents, that is unaffordable.

Aside from the fact that one of the Royal Parks Agency's objectives is to increase income—it said that it achieved that last year—the reason why such a proposal has been made is to encourage people to get out of their cars. Everybody supports such an aim. In fact, many of my constituents cycle to the park. None the less, we have to ask ourselves whether transport options and alternatives are available for local people.

**Stephen Hammond** (Wimbledon) (Con): My hon. Friend started off by saying that not only the residents of Richmond and of my constituency have made representations on the matter, and her point about access to the park is extremely important. There is a perception that the ability to enjoy the park of people from a slightly wider area will be stifled while local people, who may be walking from a much closer area, will not be affected. The park is an amenity for people from a much wider area than the immediate locality.

**Justine Greening:** My hon. Friend makes an excellent point. There are issues for people who live locally. One of the knock-on effects about which my constituents in Roehampton are concerned is that many people will try to avoid the charges by parking outside the park.

We are concerned that places such as Putney and Roehampton do not have the transport alternatives for people to get to the park, so they have to get in their car. I am delighted that the Royal Parks Agency has agreed to two pedestrian entrances from Roehampton. One will be from the Alton estate, which will be a fantastic facility for local people and everyone is pleased about it. However, it is not there yet, so people from Roehampton have to get in their cars or find a bus, although there is not much bus access from Roehampton to the park.

The second gate will be the Chohole gate. Again, people are delighted that that will be there, but it is not there yet. We may have to wait yet another one, two or even three years before those gates are in place. Therefore, at the moment, people find it hard to walk to the park from my local area.

The other key point is that public transport and bus alternatives to get to the park from places such as Putney and Roehampton are not good. Moreover, there are no buses in the park. If someone wanted to get from the perimeter of the park—say from Roehampton gate—to the heart of the park, which has a lot of facilities, they would have a good 15 to 20-minute walk. There is no bus that feeds people from Roehampton gate into the centre of the park.

I recognise that the consultation document has some exemptions, including the one for blue badge holders, but many people are elderly, less mobile and less able to use public transport, even if it is there. They need their car to get around and may not be eligible for a blue badge. I am sure that we all have constituents who write to us for a blue badge but do not get it. I am concerned about the impact of car park charges on those people. Even if we get good public transport, which we do not yet have, such people will still find it hard to use it.

Let me ask the Minister about the impact assessment that was pulled together to go alongside the consultation document. I then want to come on to the broader impact on my constituents if this proposal goes through. I cannot understand why some of the figures in the impact assessment are there. For example, the impact assessment has a one-off transition cost of £2.9 million, which it says will include investing in car parks, including pay and display machines and signage, yet the average annual cost is zero.

The impact assessment says:

> "We estimate no net average annual cost and that the scheme would be self-financing."

That has to be wrong. In fact, when I had an earlier meeting with the Royal Parks Agency, which I was pleased to get, it said that it probably was not correct. If it is correct, it is the ultimate double whammy. The taxpayer has to pay for a scheme to improve the car parks, which most people think is a good thing, but that scheme will do nothing other than pay for a load of parking wardens to patrol and enforce parking charges that people are not interested in or able to pay. That would seem to be the ultimate self-defeating approach.

Will the Minister take a clear look at the impact assessment and check whether the annual costs and benefits are correct? At the moment, the scheme has an average annual benefit of zero, which surely cannot be right.

**Stephen Hammond:** Before my hon. Friend leaves the consultation, I wonder whether she is concerned about its legality. The consultation is potentially open to judicial review. I raise that because there was a proposal to put parking charges on a road across Wimbledon common. There was an absolute onus—as it was cited in a legal precedent, which I have failed to bring with me today—on the people undertaking the consultation to ensure that the consultation was not just of local people, but of a representative sample of wider users. The whole point about the loci of consultation is extremely important. If this consultation has gone only to local residents in my hon. Friend's constituency and in Richmond, it will certainly be open to contest. I hope the Minister will address that issue.

**Justine Greening:** My hon. Friend raises another excellent point. In fact, the consultation document has not been distributed at all to residents of my constituency. Information has been communicated through the Royal Parks Agency website and by contacting local Members of Parliament such as me, although my hon. Friend was not on the contact list, and other stakeholders.

It has been left to me, for example, to leaflet my local area to let residents know what is happening. When I was out leafleting in Roehampton a couple of weekends ago, I bumped into a local resident and explained what we were doing. She was unaware of the proposals under consultation. Is it right to do a consultation when the people who will be most affected by the car parking charges have not been contacted personally by the Royal Parks Agency? The communication process has been left to other people and local authorities. That does not seem to be a good way to ensure a broad-based response to a consultation.

I am concerned about two impacts. First, people will be affected—in particular, a lot of my constituents—because there is no good public transport to the park from Roehampton and Putney and because we do not have as many pedestrian entrances as other sides of the park. The plans will be unaffordable for frequent users. Ironically, the people who care most about the park will be the ones who have to pay the most for it. Dog walkers will be particularly hard hit, as will low-income families. At a time when families might be looking for free and affordable leisure options, they will find that the one option right on their doorstep, which we should be reaching out to encourage them to use, has suddenly become unaffordable.

The proposals will discourage families from using the park. Many families, especially young families, simply cannot all get on bikes and cycle there. I am sure that the Minister understands that travelling by car is often something that people do not want to do but must do to enjoy a family outing together. As I have said, the proposals will also hit the elderly and less mobile, many of whom do not qualify for a blue badge, but are not as fully mobile as the rest of us, who can simply get on a bike and cycle there.

My concern is that if we are not careful, Richmond park, the wonderful park on our doorstep, will end up being the preserve of the rich and the middle classes, and lower-income families and the elderly will simply be priced out. That is surely wrong. Surely, for the next generation, we must reduce the barriers to using fantastic parks such as Richmond park. Many of my constituents in Roehampton, including children, live in flats. They do not have gardens. The park is their outside space. There is a danger that if we introduce car park charging, they will get the message, "You can look, but you can't touch. You can't experience the park."

One reason why I was so pleased to secure agreement to a pedestrian gate into the park from the Alton estate is that we should be doing everything we can for such communities to remove barriers to using the park. The more we can reach out to encourage all parts of our community to use the park, the better. Car park charging in Richmond park can go only in the reverse direction. I cannot see how that stacks up with the Government's approach to museums, for example. They have been proactive in saying that we should remove charges that might prevent people from using museums because they cannot afford to do so.

Surely, in these days of caring about the environment, wanting people to understand how to care for it and trying to drive up recycling rates, ensuring that people can use the environment right there on their doorstep and encouraging them to do so has never been more important. I wait with interest to hear the Minister's response. I know that I am not the only Member concerned about the issue. We all appreciate taking care of the parks environment, but clearly we need to find a balance, and I am concerned that that balance is not being struck.

I am grateful to the Minister for confirming that she is happy to meet me after the consultation and before she takes any final decision. That is much appreciated. I will certainly take her up on that offer.

1.14 pm

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett):** I congratulate the hon. Member for Putney (Justine Greening) on securing this debate, and I am grateful to the hon. Member for Wimbledon (Stephen Hammond) for his contributions. I understand the concern felt by the hon. Members and their constituents about the issue.

London's eight royal parks are among the city's most beautiful and most used assets, enjoyed by more than 37 million people a year. They are places of relaxation, recreation and retreat as well as important conservation areas and habitats for wildlife. Richmond park, which attracts more than 2.3 million visitors a year, is particularly unusual and valuable in being designated a site of special scientific interest, a national nature reserve, a special area of conservation and a grade I listed landscape.

**Justine Greening:** Is the Minister aware of any other nature reserves where marauding parking attendants try to catch out car park users?

**Barbara Follett:** I am not, but I am sure there are some. If the hon. Lady wants me to, I will write to her about it.

*[Barbara Follett]*

Given all those attributes, it is understandable that managing the royal parks involves a careful balance between ecological and environmental responsibilities and the needs of different visitors: pedestrians, cyclists, dog walkers such as myself, horse riders such as my grandchildren, who ride in Richmond park, joggers and car drivers. Changes in how the royal parks are managed always elicit huge interest and comment. That is certainly the case in this instance. The Royal Parks Agency has received more than 800 responses to its consultation, and there are still six weeks to go.

I understand why the proposals have produced such a strong response. For the sake of clarity, it might be helpful if I set out exactly what is being proposed and why. I would like to make it clear that the parks themselves will still be free. To use the museum analogy, we keep museums and galleries free, but we cannot help people park in central London, as the cost would be prohibitive. However, we do provide many people with concessionary fares.

The consultation document, which was published on 30 January, seeks views on a range of changes to the regulations for royal parks, including the introduction of parking charges in Bushy and Richmond parks. The charges would be broadly similar to those levied in other parking areas in the locality and, most importantly, in three other royal parks: Greenwich park, Hyde park and Regent's park. Parking charges were introduced in Greenwich and Hyde parks in 1994, and in Regent's park in 2001. Broadly speaking, they are £2 a day during the week and £1.20 at the weekend, although Greenwich is cheaper.

The consultation is legal, because it has been widely advertised. There are signs in the park and advertisements in the local newspapers and in libraries, and it is on the website. We have contacted councillors, MPs and everyone we could think of.

**Stephen Hammond:** I am listening to the Minister's assurances about how wide the consultation has been. I accept, potentially, the difference between the laws relating to commons and to royal parks, but I would be grateful if she could explain, possibly in a letter, exactly who received the consultation document. As my hon. Friend the Member for Putney pointed out, I am a relatively close local stakeholder as a Member of Parliament, yet I received no document.

**Barbara Follett:** My apologies. I will explain it in a letter to both hon. Members. The Royal Parks Agency has made huge efforts. I have seen the list, although I do not have it here with me. As there is still some time to run before 1 May, I hope that hon. Members will do all that they can to encourage our constituents to respond.

I emphasise that those responses are important. I know that people sometimes wonder whether consultations are real—even I have felt like that at times—but I assure hon. Members that this consultation is real. When we have the responses, the Royal Parks Agency will carefully analyse them all before making recommendations to me. No decisions have been taken, nor will they be until officials and I have had a chance to consider the responses and weigh up the impact. I shall write to the hon. Lady about her points on the impact assessment, because I do not have a sufficiently detailed response here.

**Justine Greening:** It would help if the Minister outlined the consultation process. Once it is finished and the range of feedback from constituents has gone to the Minister, will I, as a local MP, and other interested Members, have a chance to see that feedback before decisions are taken? One clear message that has come from my constituents is that many think it would be fairer to have a voluntary charge, and I think that the consultation will throw up a number of alternative proposals from residents on how to get a better balance. Will we have a chance to see the output of the consultation before the Minister takes her decision?

**Barbara Follett:** I am glad to say that the answer is yes.

**Stephen Hammond:** The Minister is being extraordinarily generous in giving way, and I am grateful for that. May I impress on her the importance of considering the geographical nature of responses, and seek her reassurance that she will do so? There is a need to assess what people from different areas are saying, and to balance that in the decision-making process.

**Barbara Follett:** That is a very fair point, and I thank the hon. Gentleman for making it.

It is always difficult to ask people to pay for something that has previously been free, and we do not want to put up barriers to people visiting Richmond and Bushy parks. However, we do, as the hon. Lady has said, want to start encouraging people to travel to and from the parks on foot, by bicycle or by bus rather than by car. At present, more than 90 per cent. of Richmond park's visitors come by car, which leads to several million vehicle movements a year in the park.

**Justine Greening:** Surely, the first response to that issue is to consider why that is the case. If the Minister did that, she would see that it is because transport links to the park are inadequate for local people to get there other than by car. It is a huge park, so anyone who wants to go to the centre would have to take a car.

**Barbara Follett:** The hon. Lady is partly right, but I am sure that, in looking into bus provision in other parts of her constituency, she will have run across the same problem that I have—sadly, the way in which buses are organised nowadays is to respond to demand rather than to anticipate demand. One way of ensuring that there is more demand is probably to put in parking charges. We are also looking into having a bus service go through the park, because, as she rightly says, only going to the park's perimeters makes things difficult for some people. As a mother of five, I completely understand that it is convenient to travel by car. Obviously, people who are disabled or are blue badge holders will get their parking free, as usual.

Those millions of car movements are affecting the atmosphere and ambience of the park and causing congestion. They are also leading to a degradation of road surfaces and costly repairs. Car parking charges in parks are not exceptional. Indeed, Richmond and Bushy parks are the exception and not the rule. Out of the eight royal parks, five have parking, three of which have been charging for parking for several years. Many local authorities, public bodies and private facilities in the area also charge for parking.

I understand the concern about the effect that charges could have on the surrounding area and on parking in residential streets around the park, but we have to encourage public transport provision and ensure that we get public transport through the park. I am very happy to help the hon. Lady and other hon. Members with that. Several buses stop within walking distance of the park, but, having looked at the map, I agree with the hon. Lady that they tend to be clustered down in one area, so they are not practical or convenient for everyone. I understand that a number of respondents have raised transport as an issue, and we will take that into our considerations on whether to impose a charging regime.

We need to work with local authorities to improve bus services and to get them running through the park. The hon. Lady is probably aware that the Royal Parks Agency, working with partner organisations, has invested in cycle infrastructure in Richmond park, including by improving the Tamsin trail, introducing new paths and providing more bike racks—a sometimes overlooked necessity. Those changes have proved highly popular, and I am very glad about that because of how they relate to other agendas. People like me, who are definitely carrying rather too much weight, should be encouraged to cycle in parks such as Richmond.

On congestion in the surrounding streets, if we were to bring in a charging regime, I would expect the agency to work with local boroughs to help to mitigate that impact, including by allowing sufficient time to introduce any relevant measures locally.

**Justine Greening:** On that point, is the Minister aware that one of the worst-affected areas in my constituency would be Roehampton, where the Alton estate is located? People on that estate would find it very difficult to pay for controlled parking in any form because of their income levels. I make the point again that, if charges are introduced, the policy can be successful only if it prices people out of the park, because we do not have good transport infrastructure. Surely it would be better to spend time working on improving transport infrastructure and routes to the park before charging people for behaviour that, in many cases, they will probably not be able to change.

**Barbara Follett:** I hope that they will be able to change some of it, but no decision has been taken yet, and that is the main issue that we will consider. We want to ensure that access to the park is not compromised and that people on low incomes continue to use it and to get its benefits, as they do in Greenwich, where there are parking charges, but where there has not been a drop in the park's usage. If charges are introduced, we will be able to put in new, green parking surfaces with petrol interceptor drainage. That will help, because, currently, pollutants from cars are entering the soil.

Some people have suggested that this measure is being forced on the Royal Parks Agency by cuts in grants and aid, and demands that it raises more of its own revenue. It is true that it has been very successful in raising its income from about £3 million in 1997-98 to nearly £11 million some 10 years later. That has reduced its dependency on the public purse, which is a good thing, and has allowed it to invest in some of the wonderful aspects of the parks. I thank the hon. Lady for raising this issue and assure her that officials and I will take into account all the points that she has raised today.

## G20 Summit

1.29 pm

**Mr. James Plaskitt** (Warwick and Leamington) (Lab): On 2 April, leaders of Governments from around the world will gather in London. Between them, those leaders represent 85 per cent. of the world's economic output, and they have rightly given themselves a bold agenda for the meeting. They have set themselves the tasks of stabilising financial markets, agreeing on how to support citizens through the recession, reforming and strengthening the global financial and economic system, putting the world economy back on track to growth, and addressing the needs of the world's poorest countries. That is more than a day's work, but, of course, work behind the summit has been going on for some time and will continue beyond it.

I suspect that the 2 April summit will be something of an audit on progress to date and will include a further push to deliver across a broad range of important priorities. The test of 2 April is not whether the fine detail will be signed up to in each of the five objectives that I have mentioned; it is whether there is agreement on, first, what needs to change; secondly, on the broad principles for how that change is to be met; and, finally, on the delivery mechanisms for ensuring that that change happens. Of course, a consensus across all of those points needs to be secured.

Out of the broad agenda that has been set for 2 April, I shall concentrate on international regulation. I welcome what the Chancellor said to the House yesterday in his statement on the Finance Ministers' meeting, which will be held ahead of the 2 April meeting. He said that "there is significant consensus" that financial supervisory and regulatory regimes need to be strengthened both nationally and internationally. He went on to give some insight into the detailed areas beneath that. For example, he mentioned the need to address the issue of capital and liquidity rules and to devise countercyclical devices. He also mentioned the need to address the issue of capital adequacy. In fact, the list of the work that needs to be addressed under that broad heading is much longer. I rehearsed the full list in a previous Westminster Hall debate, and I do not intend to repeat it again today.

I make no apology for returning to my criticism of the Basel accords, which currently cover international banking regulation, and the philosophy that underpins them. I do not think that that philosophy has yet been abandoned, but it is now highly questionable. As the Minister knows, the Basel accords took years to write, but it has taken only a few months to demonstrate their woeful inadequacy. There are two main problems with them. First, they are reliant on internal risk basing, which means that the banks effectively define and measure their own exposure to risk. The banks also decide the extent to which the risk that they themselves have defined needs to be covered. That is first problem with the Basel accords, and it has been exposed by what has happened in the past six months or so.

The second problem is that the system applies to banks that are huge global institutions. It is worth pointing out that the capitalisation of some of the world's largest banks will exceed the size of some of the countries represented around the G20 table. The system applies to global banks that are subject only to various national regulatory regimes. That is a serious imbalance, and it means that those individual national regimes cannot move far away from each other for fear of creating capital flight, whereby banks move to a more relaxed regulatory regime. The minimum guidelines necessary are therefore set to ensure that capital flight does not take place and yet the measures and definitions of risk that are used are in fact written by the banks themselves.

Although many years of labour were spent in trying to bring about the Basel agreement, it was dead on arrival. The agreement has now been overtaken by events, and it proved irrelevant due to the search for yield on the part of the banks. That led to the innovation that we have seen and the emergence of extremely complex forms of securitisation. The search for yield decreased the degree of transparency across the banking system and increased the amount of off-balance sheet activity. Ultimately, it led to a loss of control on the part of the boards, because, frankly, they did not understand what the people running the banks were doing with those fancy instruments. There has also been a loss of control on the part of the regulators, because they could not keep up with the degree and complexity of change that was taking place.

I am sure that the Minister is aware of the extent of the problem and I hope that he will agree that confidence in the Basel approach has, in fact, collapsed and that there is evidence that many individual country regulators are already abandoning the Basel guidelines and substituting rules of their own. That leaves a supervisory vacuum that must be filled by internationally agreed core standards for banking regulation. As I have said, I think that the Chancellor hinted strongly at that in his statement to the House yesterday, and I would welcome the Minister adding more insight into the Chancellor's thinking.

It seems that there is a consensus that something needs to be done, but, ahead of 2 April, an argument is emerging about how it is to be done. I would be interested to know where the Government stand on that argument, which I shall now outline. Some people are now saying that Glass-Steagall legislation needs to be revived. That legislation was introduced in the United States in 1933 following the Wall street crash and the emergence of the great depression. It was introduced by the Roosevelt Administration to impose a separation between retail and investment banking, and it was designed to break up the extraordinary power of J. P. Morgan and to restore the power of federal government in terms of setting economic policy. However, the crucial technical change that the legislation made was to impose a clean break between retail banking on the one hand and investment banking on the other.

Since the repeal of Glass-Steagall legislation in the 1990s, some people are now saying, "Well, all we need to do is go back to that and that will solve the regulator problem." I was astonished to read yesterday that Nigel Lawson has joined the camp of those suggesting that we revert to Glass-Steagall. In his article in the *Financial Times* he said:

> "It is folly to allow core banks to be in a position where they can be brought down by exciting but highly risky investment banking activities."

I find that a bizarre statement from the man who was Chancellor of the Exchequer in 1986. He presided over the big bang in the City of London, which allowed US

investment banks effectively to take over the City and pollute the traditional banking structures, which had rested heavily on that previous separation. He is a strange convert to the cause.

As I have said, Glass-Steagall was repealed in the United States in the 1990s, just as we abolished all credit controls in the big bang of the 1980s. Although there are those who call for a full return to the original Glass-Steagall divide, in reality we cannot just turn the clock back. The infrastructure of the global banking system has become far too complex to revert to a divide that was designed in the 1930s. I do not think that such a divide could be designed now.

The question is what should we do. I am aware that Lord Turner has been asked by the Government to look at what can be done here in respect of the Financial Services Authority's approach to banking regulation. I believe that he will make recommendations this week on an array of issues that are clearly central to this debate. I understand that he will have things to say about bank capital adequacy, the need to evolve countercyclical mechanisms, liquidity risk management, prudential regulation, the rating agencies, the originate-to-distribute model and the use of market-to-market accounting. All those issues should be on the agenda, and I look forward to what Lord Turner has to say when he reports later this week. The problem is that Lord Turner's report and recommendations will be targeted at just one regulator—ours, the FSA—whereas the Government's document, "The Road to the London Summit", states that we need

"greater surveillance of the financial system as a whole. It is essential that the cross-border co-operation between national authorities is enhanced and that the international regulatory architecture is strengthened."

There is consensus on the aspiration to tackle international regulation, which is, of course, fine, but is consensus on how that is to be achieved emerging? There is probably agreement on what not to do: try to write one supervisory rulebook for all the world's banks, governed by and applied by a new world bank regulator. I do not think that that is achievable or even desirable, but nor do I think that today's balkanised system of regulation—hundreds of different regulators trying to deal with a handful of global banks—can be allowed to continue.

The question as we move towards 2 April and the gathering in London—I would welcome the Minister's comments on this—is how we will try to bring together, from our position in the chair of the conference, a desire to draft tougher banking regulation, which I believe all European Union states agree on, with a reluctance on the part of the United States to go down that route and some hesitation among G20 members with emerging banking and financial sectors that have an interest in offering bargain-basement regulation to banks that they suspect may be looking to move away from the tougher regimes that might emerge in Europe and possibly North America. I hope that 2 April will be able to resolve those basic points.

I am seeking from the Minister some insight into the Government's thinking on those questions, but I always try not to pose questions without hinting at some possible answers, so I shall conclude with three ingredients that I think are necessary to ensure the kind of progress on 2 April that I would like to see.

First, we need agreement that the Basel system's philosophy must be abandoned, and that the underlying principles of that approach just will not work in the post-2009 world. Secondly, there must be agreement to reintroduce Glass-Steagall-style regulation, but not Glass-Steagall itself. Glass-Steagall cannot be resurrected, but what could be achieved is agreement on where the worlds of retail and investment banking should stand separately from each other, so that we can limit future taxpayer exposure, remove some of the conflicts of interest and reduce complexity in the banking system. That should offer us an opportunity to create meaningful and effective banking regulation.

The third and final thing that needs to emerge from 2 April is a system for designing appropriate international regulation. As I have said, we cannot possibly imagine that there will be one super-regulator covering all the world's banks—that is not realistic—but we might try to work towards something that replicates the general agreement on tariffs and trade. Perhaps we should aim for a general agreement on banking regulation which would have the same kind of recognition, authority and stature as the general agreement on tariffs and trade. That would leave it to individual countries to write the fine details of their banking regulatory codes in ways that suit their own markets, but it would also establish a common core set of minimum regulatory standards, which is missing from the context at the moment.

It would be a terrible thing to waste this crisis. I hope that my right hon. Friend the Minister can reassure us that our Government and the other 19 who get together around that table in a couple of weeks' time understand that, so that when we look back on this crisis in international banking, we will see it as a turning point, not a lost opportunity.

1.44 pm

**The Financial Secretary to the Treasury (Mr. Stephen Timms):** I congratulate my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt) on securing this important and timely debate, and I welcome the opportunity to consider with him and the House the important matters that he raised.

I was at the meeting of G20 Finance Ministers and central bank governors on Saturday. It is certainly the case that discussions with our international counterparts and partners have never been more important or more urgent, but we have made some good progress.

We have seen that the crisis in the financial system has spread into the real economy and that every country is now affected. I visited several G20 countries to prepare for the 2 April summit. Last month, I went to Argentina, where I was told that, for some time, people had expected that they would be decoupled from the crisis. They did not have any sub-prime mortgages and their banks did not have much exposure to US banks. It seemed that the crisis would pass them by, but then, suddenly, their exports fell off a cliff late last year. By the time of my visit, it was clear that Argentina, too, was facing serious problems.

A group of African leaders was in the UK yesterday to meet the Prime Minister ahead of the G20 to underline their deep concern about how poverty in their countries will be impacted by the crisis, and the importance to them of the G20's response. At the weekend meeting,

*[Mr. Stephen Timms]*

evidence was provided by the International Monetary Fund that showed continuing uncertainty and weakness in confidence around the world.

At the weekend meeting, I was struck by the high degree of agreement among that disparate group of countries about the concerns that we all face. I believe that consensus is emerging on how we can act together. It is framed by the commitments in last year's Washington declaration, which have been developed subsequently through intensive joint working by Finance Ministries, regulators and central banks. That now provides the basis for leaders at the summit on 2 April.

As my hon. Friend said, there is a firm, shared commitment to doing whatever is needed to return the world economy to growth. It emerged from the discussion that the highest priority is to stabilise the financial system. There is recognition that sustaining lending is fundamental to economic recovery. That very much highlights the concern that he paid most attention to: G20 Finance Ministers are committed to tackling the problems in the financial system head on, and they agreed at the weekend to a common set of principles for dealing with so-called impaired assets.

We agreed that the resources of the international financial institutions need to be substantially increased to safeguard capital flows to emerging markets and developing economies. Finance Ministers made an important commitment not to repeat the mistakes of the past and turn to protectionism as we act with determination to restore growth across all those areas. Instead, we reaffirmed our commitment to open trade and investment, which are essential if we are to end rather than worsen the global crisis.

My hon. Friend raised particularly important issues about regulation of the banking system. As he would expect, much of the weekend's discussions focused on the question of financial stability, as we cannot fix the economy until we have fixed the banks. It is essential that, in the future, the boundaries of regulation capture all institutions, markets and instruments that could pose a risk to the economy. Over the weekend, we agreed recommendations on how that could be achieved. For example, the G20 committed that all hedge funds or their managers will need to be registered, and that regulation should guard not just against risks to the health of individual firms, but against threats to the stability of the system as a whole. My hon. Friend acknowledged that my right hon. Friend the Chancellor highlighted that in the House yesterday.

My hon. Friend has focused on questions of banks' capital adequacy, and I agree that we need fundamental steps to strengthen bank capital adequacy, risk management and supervision. That means strengthening the internationally agreed Basel II regulatory capital framework.

In a number of respects, Basel II marks a significant improvement in prudential regulation of banks compared with what preceded it. In particular, it aims to assess more precisely regulatory capital charges in relation to risks. It has only recently been implemented and I do not think it is right to say that it is the cause of the current crisis; it is not even in place yet in the United States. I do not think that the answer is to abolish it. I accept that it needs to be significantly improved in the light of recent events. In particular, as agreed at the meeting of G20 Finance Ministers at the weekend, we must ensure that regulations dampen rather than amplify economic cycles, including by requiring banks to build buffers of resources during the good times, so that they are prepared for more difficult times.

**Mr. Plaskitt:** I hear my right hon. Friend say that the Basel system should be improved, but, as I said, my main concern is that, between Basel I and Basel II, although the second was an improvement on the first, there was no departure from the underlying principle common to both—the internal risk-basing approach. That means, as far as I can find out, that there is no independent, objective body assessing the riskiness of any instruments in the banks, and no one independently assessing the degree to which that risk is covered off.

The banks, even with Basel II, are still making their own definition of risk and writing their own risk profiles. They are still measuring risk on their own. That is what got banks into a serious mess and there is nothing in Basel II that will help to overcome it. Unless that principle is departed from, the Basel system will not deliver the kind of regulatory supervision that is essential.

**Mr. Timms:** Let me say something about how this is working in practice. Basel II, and therefore internal models for credit risk capital, has been available only since the beginning of 2007, although market risk models were recognised before that for regulatory capital. It is certainly true that in many cases banks misjudged the risks, and there are significant questions about the degree of reliance that it is appropriate for regulators to place on internal models, as my hon. Friend said. Regulators and Finance Ministers are now considering questions such as the need to supplement Basel II domestically and internationally, for that reason. However, in the UK, internal risk models for UK banks are required to be approved for use by the Financial Services Authority. That external check is provided and required.

Internal risk rating is complemented in the Basel II framework, and indeed in EU law via the capital requirements directive, by a requirement for supervisors to undertake supervisory review of the bank's risks and make appropriate adjustments as required. The framework also incorporates the third pillar, around disclosure of key supervisory requirements on a bank, to ensure market discipline. Thus, it is not entirely the case that the banks are left to get on with things.

**Mr. Plaskitt:** I am not absolutely convinced about that. My right hon. Friend is entirely right to say that the FSA must look at and, in a sense, sign off the risk assessments that are produced by the banks and handed to it, but is that an equal contest? I do not see that there are the resources in the FSA to do the detailed analysis of the risk measurement that the banks have used to present their thesis. I sense that the FSA takes on trust a lot of what comes from the banks, with respect to their assessment of their own risk. That diminishes the degree to which this is an objective and independent control on the system. It still relies on information that has come from an internal risk-basing approach.

**Mr. Timms:** My hon. Friend was right to make the point earlier that Lord Turner will be reporting—I think that will happen tomorrow, and it will be interesting

to hear what he has to say—but as he also said, rightly, the matter also needs to be considered at international level.

Among the topics that we talked about on Saturday, on which we were supported, was the development of supervisory colleges, bringing together regulators in a number of countries dealing with major international banks. The development of that system has much to offer us. Another important step that was taken just before the weekend was the expansion of the Financial Stability Forum to include all the members of the G20. I hope that, internationally, we shall have much better mechanisms for handling the relevant issues than we had in the past. I hope, too, that that will mean that we are in a stronger position. That is certainly the intention of everyone who was present on Saturday.

It is also important that we ensure that regulatory regimes do not act procyclically—a big concern in relation to Basel II—to exacerbate the current downturn, and that they manage the transition to a strengthened regulatory regime accordingly. Capital requirements should remain unchanged until recovery is assured. Finance Ministers agreed to set out proposals to strengthen international co-operation, with supervisory colleges and an early warning system comprising the IMF and the Financial Stability Forum.

I have mentioned the expansion of the forum, and many countries—Brazil, Korea and South Africa—had been calling for that for some time. It means that a critical international institution now encompasses a much wider range of interests and provides a better basis for crucial decisions on financial stability.

I hope my hon. Friend will feel that, at least institutionally, we are moving in the right direction and making sure that we have the institutional arrangements we need. It is essential, as we reform our regulatory arrangements, that we do not leave loopholes—several loopholes were exposed by what has happened in the past couple of years—and that our work to provide effective regulation, combat money laundering and prevent tax evasion should not be circumvented.

Finance Ministers agreed that the relevant international institutions should identify which jurisdictions are not complying with international standards on those matters and provide toolboxes of actions that can be taken in response. As I know my hon. Friend is aware, we have been building up pressure on that over recent weeks. The UK, alongside the US, France and Germany, has been very clear that we will not tolerate tax evasion and that we want to seize the London summit as an opportunity to enhance global co-operation on that.

There was, in the days leading up to Saturday's meeting, a series of major announcements from countries that have not in the past been willing to comply with international standards on tax information exchange—Hong Kong, Singapore and Liechtenstein—culminating in the dramatic announcement by Switzerland last Friday. At the end of Saturday's meeting at Horsham, the President of Switzerland confirmed in person to my right hon. Friend the Chancellor and to me that his Government had indeed taken that historic decision. I think we can be confident that that will lead to the provision of tax information that has not been available in the past.

Finally, I want to make the point that international financial institutions, which are vital to ensuring that the global economy works well, need to be reformed too, to bring them into line with a changing world. The G20 agreed that emerging and developing economies should have a greater voice. The reform of IMF quotas needs to be concluded by 2011, the heads of the international financial institutions should be appointed on an open, meritocratic basis, and there needs to be reform of the instruments through which the IMF can lend. In those ways, we want to overcome the problem of stigma that has been attached to IMF programmes in the past, to the extent that some countries feel it is politically impossible to contemplate approaching the fund.

I think that the conclusions I have outlined provide a comprehensive framework for getting the global economy back on track, including addressing the issues that my hon. Friend rightly raised.

2 pm

*Sitting adjourned without Question put (Standing Order No. 10(11)).*

# Westminster Hall

*Wednesday 18 March 2009*

[MR. DAVID WILSHIRE *in the Chair*]

## Online Gambling

*Motion made, and Question proposed,* That the sitting be now adjourned.—*(Mr. Blizzard.)*

9.30 am

**Robert Neill** (Bromley and Chislehurst) (Con): It is a pleasure to serve under your chairmanship this morning, Mr. Wilshire. I am grateful for the opportunity to raise the issue of online gambling and the ramifications that stem from it. I have read some of the House's previous debates on the topic, and I am grateful for the remarkable amount of material that various interested groups have sent me. When I entered the ballot for this debate, I thought that it might make a change from my normal activities relating to local government finance and unitary councils, and it certainly has. It is obviously an issue that generates strong considerations, and I hope that those who have contacted me will forgive me if I am unable to pursue all the points that they have raised.

I am also conscious that, on online gambling, there is a need to avoid special pleading, because a number of conflicting interests must be reconciled when dealing with the issue. Perhaps I had better get, as I used to say as a lawyer, my mitigation in first and say that I shall not pretend any great expertise in the field; I, like many people, am an occasional gambler who loses a bit of money on the grand national and might rashly be tempted into risking £20 on West Ham United winning the premiership—a guaranteed write-off and the triumph of optimism over experience. I admit that, wearing my professional hat as a barrister before I entered the House, I had to learn to play roulette, because I was instructed in a casino fraud, and we had to understand how to play the game before we could understand the fiddle, but that is the extent of my involvement in gambling.

For the record—it is a matter of record—I am a member of the all-party Channel Islands and Gibraltar groups. Online gambling is an industry in both areas, but neither authority in those two places has approached me and sought to initiate the debate. What caused me to initiate it, in fact, is the work that I have recently done in my constituency with several organisations that are concerned about problem gambling, and I pay tribute to those local and national organisations that deal with it. That, and some of the related regulatory issues, struck a chord with my past experience as a lawyer before I entered the House. There are concerns about ensuring that inappropriate people do not become involved in gambling, and about the social consequences, which are often not picked up as readily as other issues such as alcohol abuse. That is why I am particularly interested in the issue.

We must be realistic about certain things, however. Gambling has always existed and I have no moral objection to it, having set out my limited experience of it. It would be bizarre in the modern world if we did not recognise that the internet will play a role, and it would be foolish to pretend that the online gambling market is not substantial. Back in February, during a Delegated Legislation Committee debate about amendments to regulations on Antigua, the hon. Member for Bath (Mr. Foster), whom I am glad to see present today, set out in some detail the economic substance of the industry, which I shall not repeat because I doubt whether the figures have changed very much since then.

Online gambling is big business, and it creates not only opportunities but challenges. I accept that the Gambling Act 2005 was a well-intentioned attempt to strike a balance. Like a number of people, I have some criticisms of how it has worked out in practice, but we must take on board the fact that the enormous growth of the internet has almost outpaced the regulatory regimes. There are about 7,000 gambling sites, although that figure is very rough. Some are regulated and regulated very well by our regime, but the vast majority—about 6,000—are not effectively regulated, and that causes real concern. A number of constituents raised that issue with me.

**David Taylor** (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman talked earlier about having an annual bet on West Ham winning the premiership, which would generate about the same odds as the hon. Member for Shipley (Philip Davies) making a speech or asking a question that did not include "political correctness". The serious point is whether the hon. Member for Bromley and Chislehurst (Robert Neill) has assessed the debate held in Europe in the past few days, whereby MEPs want to push European-wide controls and regulation back to nation states, where they say that the power and responsibility lies. Many of the gambling facets that he describes are global, regional and continental, so is there not some scope for co-operation between nations on gambling—particularly online gambling?

**Robert Neill:** I very much agree. I was tempted to say that I phoned up William Hill to get odds on an intervention by my hon. Friend the Member for Shipley (Philip Davies).

The irony is that, if there is one area in which Europe could do more to achieve a level playing field, it is online gambling, but that is the area in which Europe has lamentably failed. The European Parliament's debate on the Schaldemose report represents a missed opportunity, and I shall be interested to hear the Government's response to it. While I yield to no one in my defence of subsidiarity, there may be merit in looking at the proposal, which the British MEP Malcolm Harbour floated, for a European code of conduct that, at least voluntarily, could set in train the common approach that most of us would like.

**Mr. John Greenway** (Ryedale) (Con): That is the nub of the problem. In essence, there are a number of jurisdictions in Europe where it is impossible legally for the United Kingdom to ban their UK-facing operations. We do not have common standards, and that is what we need.

**Robert Neill:** I pay tribute to my hon. Friend and his experience of those matters, which is very much greater than mine. That is why I was grateful for his intervention,

*[Robert Neill]*

and he is absolutely right. If we are to make sense of the single market, something to which I am committed, we have to create a genuine level playing field, but that simply does not exist at the moment. The difference between Germany, where online gambling is virtually outlawed, and the monopolistic approach in France and other European jurisdictions makes a level playing field impossible, and responsible British operators are often disadvantaged by that climate. It is very difficult for the various bodies trying to ensure that gambling is dealt with responsibly in the UK to counteract the inevitable penetration of the British market by unregulated bodies and the EU's broad approach. If we cannot get right the approach in the EU, it will be very difficult for us to have any great authority when we try to argue with jurisdictions outside the EU about adopting the same common and responsible approach.

I hope that the Government will respond favourably to the approach of Mr. Harbour MEP, because it seems to be a balanced and sensible route towards standardisation, which in turn appears to be both the only way that is consistent with single-market principles and social responsibility, to which I think all parts of the House are committed. That is important not only because of the growth of unregulated sites and the variety of regulation, but because of the downside of gambling.

Gambling can be a legitimate form of enjoyment, and it produces a good deal of money for the UK, but it is a matter of concern. It is certainly a matter of concern for the constituents who have contacted me, because problem gambling appears to be growing faster online than in other areas of gambling, which is demonstrated by the Gambling Commission's prevalence study. The figures on page 93 of the study demonstrate that internet gambling is the area where, by the commission's two measures, the growth of problem gambling seems to be the greatest, and clearly that needs to be tackled. I am interested to see what proposals the Government have, on the back of those figures, to deal with the growth in problem gambling.

I pay tribute to the good work done by the Gambling Trust, as do the other organisations that I have had dealings with. I am interested to know what plans the Government have to strengthen support given to that trust, and to organisations like it, which are dealing with the issues that I have mentioned.

Given that we are not yet able to get common standards within the EU, we ought at least to be making sure that the maximum effort is made to ensure that there are proper standards in the white-listed jurisdictions. Can the Minister help? Do any of the white-listed or EU jurisdictions contribute towards the work of the Gambling Trust? I know that the trust receives financial contributions on a voluntary basis, but I am interested to know whether any of the EU or white-listed jurisdictions currently make such voluntary contributions and, if so, which ones. That may provide an interesting picture of the attitudes of the people with whom we are dealing.

**Mr. Greenway:** I can help my hon. Friend immediately, as chairman of the Gambling Trust. Operators in Alderney, which is a white-listed jurisdiction, are now contributing substantially to the Gambling Trust. Those contributions would be less likely had we gone down the road of introducing a statutory levy on operators. I congratulate the operators in Alderney on the support that they have given, which helps us support one of the organisations in my hon. Friend's constituency.

**Robert Neill:** I am grateful to my hon. Friend for that information. I endorse his observations. That is the right approach. We ought to be seeking to use such authority as we can to encourage other operators in white-listed, and similar, jurisdictions to adopt the same approach. I should be interested to hear from the Minister about what more the Government can do to try to achieve that, about what can be said to the other white-listed jurisdictions on that topic and whether there is any scope for work with our EU colleagues on a similar approach there.

**Philip Davies** (Shipley) (Con): For the benefit of the hon. Member for North-West Leicestershire (David Taylor), I certainly will not mention the words "political correctness".

Does my hon. Friend agree that there is an anomaly with regard to the funding for the Gambling Trust, because many organisations might be considered to contribute to problem gambling, including the Government themselves through the national lottery, which allows people to gamble from the age of 16? Scratch cards, for example, strike me as highly addictive. Does he agree that if we want to tackle organisations that promote inappropriate gambling, the Government might want to contribute to that fund?

**Robert Neill:** That is a tempting and interesting argument. I shall not follow it, but I suspect that my hon. Friend the Member for Shipley (Philip Davies) will want to pursue it in due course. His point that there ought to be consistency of approach is important. The Government have a role to play in encouraging the work of organisations such as the Gambling Trust, whether by direct contribution or using their leverage to ensure that there are contributions from the industry on a voluntary basis. I agree with my hon. Friend the Member for Ryedale (Mr. Greenway) that that would be preferable. I agree with my hon. Friend the Member for Shipley that it is important that the Government get involved and play a role.

**David Taylor:** I agree with the hon. Member for Shipley about organisations that may assist the work of the Gambling Trust. It is well known that online gambling heightens fraud, crime, gambling addiction, risk to children and so on. A relatively new occurrence is interference with the integrity of sporting events. Does the hon. Member for Bromley and Chislehurst believe that there is a role for the sports control bodies in cricket, rugby and so on and that the Minister is in a good position to respond to that matter when winding up this debate? That is a serious issue, is it not?

**Robert Neill:** The issue is very serious, and the Minister will have taken those concerns on board. It has clearly spread well beyond the occasional fringe scandal in the past. Now one finds it in mainstream sporting activities, with household names sometimes being implicated. That is damaging for the concept of sport, when in the run-up to the Olympics we are trying to encourage participation—it is scarcely a good role model for young people—and it calls in question the regulatory ability of some of those bodies. I hope that the Government will

tell us what plans they have to take that issue on board, because it is topical at the moment. All these issues link together. It is a question of how we encourage greater harmonisation in the UK, support the work of the Gambling Trust and other jurisdictions and encourage a robust approach to the integrity of sport by the various regulatory bodies concerned.

I turn now to the consistency and robustness of the regulatory regimes that we allow legitimately to have access to the UK market. I am grateful to the hon. Member for Bath for his detailed exposition in the February debate on the piece of delegated legislation that I mentioned earlier. He got to the nub of the issue, when referring to the statutory instruments, when he said that, although we do not regard an identical regulatory regime as being necessary, the white-listed jurisdictions

"must operate a regime with 'similar intention and effect'"

and must

"'have embedded within their licensing regimes the values which underpin our licensing regime'".—[*Official Report, Third Delegated Legislation Committee*, 4 February 2009; c. 4-5.]

That includes, among other things, the protection of the vulnerable, which I mentioned earlier, fairness and compliance, which are topical at the moment, and ensuring that crime is kept out. I am not convinced that we have the necessary assurance that that is so in respect of such jurisdictions. In some cases, that is probably fairly easy to achieve. For example, it is well known that some established white-listed jurisdictions have a good track record and one should not denigrate the work that they do. But there are concerns that, if we are not transparent about the criteria that we apply to white-listing, the value of the white-listing process—often involving jurisdictions with important connections with the United Kingdom—can be undermined in terms of the rest of the world. I hope that the Minister can assist me, following the issues raised in the February debate and subsequent developments.

What are the current arrangements by which the Government test the robustness of the regulatory regime in white-listed jurisdictions? The hon. Member for Bath mentioned how difficult it is to get information on the submissions for white-listing. I understand that those submissions are not available for scrutiny, which the hon. Gentleman mentioned in respect of the difficulty that he faced on freedom of information applications. I would like to know the justification for that, as the Minister understands it. It has been suggested that commercial confidentiality is an issue—in my experience, it is usually the one that is raised most often. We would like to know whether that is so. Is that the sole reason?

Are there any other reasons that might be advanced, or have been advanced, by way of exceptions to the Freedom of Information Act 2000, as to why those submissions should not be available? I should have thought that it was in the interests of jurisdictions seeking white-listing for their submissions to achieve maximum transparency, because that would inspire confidence in the strength of their regimes. But it is also important for us, in respect of the due diligence that we owe to the British population, to be assured that there is a means by which the authorities in the UK can clearly and objectively compare the regulatory regimes of the various jurisdictions that apply for white-listing. We do not have that transparency or that assurance at the moment.

The mystery shopper pilots were mentioned in February's delegated legislation debate. That is a well-established means of testing the system's robustness in respect of under-age people and so on. There was an indication that the mystery shopper pilots were to be extended beyond the UK, but it was apparent that none of the pilots had taken place outside the UK. Can the Minister tell us what the position is now? When will those pilots be rolled out to jurisdictions outside the UK? Has that happened yet? If not, when is it going to start and on what basis?

In that debate, reference was made to the Ascot conference and the minimum international standards document, which, as far as I am aware, is still not in the public domain. Is it proposed that it should be? It is difficult to understand why a document setting out minimum international standards should not be publicly available. That should be part of the process of robustness that we want to be available and that the House should be able to see as a measure of scrutiny of the regulatory regime's strength. If the document is not available, why not? Is it because of commercial considerations, or are there objections from certain jurisdictions—if so, which? We are entitled to know. In the absence of overwhelming reasons to the contrary, it should be placed in the public domain as soon as possible.

Another aspect of white listing that was referred to in the debate is the situation in Antigua and Barbuda, which goes to the heart of ensuring faith in the robustness of the white-listing system. When I worked as a lawyer, I dealt with several commercial fraud and money laundering cases, and it was apparent that some jurisdictions throughout the world are susceptible to pressure from organised crime in several ways. Gambling and related activities have always been vulnerable and require particularly high standards to protect honest and legitimate operators—the majority—from such infiltration.

The position in Antigua was a matter of concern to hon. Members during the debate in February. We have not had any information to assuage those concerns, which have since been heightened by what has happened since, particularly among cricket fans as the Allen Stanford scandal hit the headlines. It is worth remembering that Stanford's operations were based in Antigua and Barbuda. A particular concern to me is that unlike the UK, where the regulatory organisation for financial services is separate from that for gambling—that also applies in some other white-listed jurisdictions—the Antigua and Barbuda Financial Services Regulatory Commission is extraordinary in that it regulates not only financial services but online gambling. Its capacity and capability have inevitably been called seriously into question by what has come to light over the Stanford affair. If its capacity is subject to grave doubt—I say that as moderately as I can—on such an issue, we are entitled to be concerned about its ability to regulate online gambling to the standards that we expect of a white-listed country.

In fairness to UK citizens, whose market the commission could be involved in, and the whole white-listing system, it is important for the Minister to make it clear what discussions the Government or the British regulatory authorities have had since February with those in Antigua and Barbuda, as well as what they are doing to satisfy themselves of the robustness of the regulatory regime in that jurisdiction and its ability to meet the appropriate regulatory standards. In February's debate, the response

*[Robert Neill]*

was that it was capable of meeting those standards, but that is not the same as an assurance that it does. Any risk management—that is partly what we are engaged in—needs a robust, embedded process, not an aspiration for the future. Nothing that I have seen or read suggests that we have that, and the Government owe us maximum clarity as regards the situation in that white-listed jurisdiction.

I hope that those who are interested in related issues such as spread betting, betting exchanges and so on will forgive me if I do not trespass down that line. I have tried to limit myself specifically to the regulation of online gambling, although I suspect that other hon. Members will want to raise additional points. I hope that I have clarified which two areas particularly concern me. These concerns are cross-party, and they are not driven by ideological considerations. I hope that we can approach the matter with a sensible and balanced view. I also hope that the Minister will respond to the debate constructively. My hon. Friends and I have been critical of the Government on some issues, but we want to help them to improve the situation because responsible gamblers and businesses in the industry—the vast majority—are entitled to clarity and equity of standards, which we do not seem to have at the moment.

**Several hon. Members** *rose—*

**Mr. David Wilshire (in the Chair):** Order. I always work on the assumption that all hon. Members who turn up to these debates want to speak, and 35 minutes remain before I want to call Mr. Foster. I do not know what the odds are on calling eight hon. Members in 35 minutes.

9.55 am

**Dr. Ian Gibson** (Norwich, North) (Lab): I congratulate the hon. Member for Bromley and Chislehurst (Robert Neill) on raising this issue.

My interest stems from being contacted by the press following a football match between Norwich City and Derby where strange betting irregularities had been described at half time. The hon. Member for North Norfolk (Norman Lamb) and I raised the matter in Parliament, and we have tried to find out what went on. During the game, nothing peculiar seemed to be happening. A goalkeeper was sent off early in the second half, but that is not irregular, as the Minister will know, having been a goalkeeper for the parliamentary team. I have defended his goal area many times as a centre-back. The hon. Gentleman and I had meetings with the Gambling Commission and the Football Association, and we are due to have a meeting with the Central Council of Physical Recreation, which has helped me with this debate, to discuss the matter further. We have not got far in finding out what went on. We were told that at half time a lot of money was put on in the Asian-Chinese market, and that it was put on Norwich City, which eventually lost the game.

People can now bet online on single events such as who will get the first yellow card or put the ball into touch during the first five minutes of the second half. People can bet on any event. Someone told me that bets can be made on whether the referee wears spectacles. Odds are available on almost anything these days, which opens up betting to the possibility of seducing, inducing or tempting people to fix an event without losing it. Someone could lose the first set in a tennis match but win the match, and make a tidy sum of money. I must declare that, having been a professional footballer, I know some of the iniquities that went on in dressing rooms at half time when £5 notes might change hands—that was a lot of money for a football player in my day. Such things happen, but are they isolated events or the tip of an iceberg? The CCPR confirms that there is a real threat of corruption. It says:

"There have been 47 suspicious bets investigated by the Gambling Commission since 1 September 2007."

It told me that a big scandal involving a football match in this country is about to blow, and that the police have been involved.

**David Taylor:** Will my hon. Friend commend the attitude of Betfair, the online gambling organisation, which is very quick to report to the Gambling Commission any unusual pattern of bets, whether in timing or nature, particularly during sporting events? That has led to several investigations into possible fraud, which can only be good for sport and gambling.

**Dr. Gibson:** I thank my hon. Friend for that comment, which is true. The case to which I referred, which will be a sensational one, has involved some clever investigative work on identifying betting patterns by Betfair and others. Bets were made in a small, precise area of England, and that was tied up through intelligence. However, when it happens in the Asian markets, it is very difficult to deal with. It is difficult to know, for example, how much money was put down in the game that I mentioned. What event during the game was the money put on? Who won the money? How many individuals were involved? These bets are just a blip on a chart, but they look strange. If they happen in this country, we can tie them down and investigate, but there are all sorts of problems when they happen abroad. That is a problem caused by the internet.

**Mr. Mark Field** (Cities of London and Westminster) (Con): The hon. Gentleman said that there are 47 ongoing investigations, and City of London police are involved in a long-standing investigation of more general betting scandals in the football industry. Is he as concerned as I am that none of those investigations seems to lead to successful prosecutions? The public feel that much of this regulation and many of these high-profile investigations are pretty toothless when it comes to getting results and tackling the concerns that he mentioned.

**Dr. Gibson:** I thank the hon. Gentleman for that. I agree, although I also think that there is some conservatism—with a small "c", of course—in the organisations involved. They do not want to raise the issue or to see it on the front pages of the newspapers, because that would break down the integrity of the sport and make the public suspicious. There is plenty of evidence in Europe that crowds have flocked away from matches where they believe that corruption is taking place. The organisations involved are on the back foot and do not want to take things too far in case that destroys the whole sport. It is a difficult balance to strike.

**Bob Spink** (Castle Point) (Ind): The Gambling Commission is responsible for keeping crime out of betting on sport. Does the hon. Gentleman feel that the information that it publishes for punters is good enough? Is it accessible enough, and does it use the right language to reach the people that it should be targeting? I have looked at it, and it does not seem very punchy.

**Dr. Gibson:** I thank the hon. Gentleman for that. The Gambling Commission has been in operation for only a year. I have met the people who run it, and they are gingerly feeling their way forward on how far to take things in a sensitive situation. They will have to interact with the police eventually if criminal charges are to be laid. However, he is right to suggest that things will reach a breaking point.

From the 18th century onwards, sport and betting have been linked, and many laws developed because betting was taking place on games. I will not go back to the Romans in their chariots, although I bet that a few bets were put on such things as well. I cannot mention all the classic cases of problems with betting, but the case of Hansie Cronje was the big one in cricket. He induced some of his mates not to perform at the high level that they might have done because there were big bets behind the scenes. There have been other big cases like that.

Somebody mentioned all the different tricks that can be played. Betting during a match is an interesting example. The hon. Member for North Norfolk and I were told about what can go on. Somebody can be sitting in the stand at a football match talking to somebody else in Hong Kong, and because of the time delays involved, they can say, "The Derby County goalkeeper got a red card five minutes ago and was sent off. Get a bet on that." I am not saying that that is what happened in the case that I mentioned—although I could, because we can say anything in this place. However, I am alleging that that could be the event that lots of money was put on, although it is hard to prove. Making such bets is seductive, because fixing an event in a game is an easy way out for individuals with a money problem. There is also spread betting, which goes across the board. At Betfair, people can bet on a horse winning or they can lay their money, as they say, on a horse losing—they can bet any way they want. Betting is open, which is fine, but it will be difficult to trace corruption and fixing, although organisations are on their way to trying to find out.

What can we do and say to make something happen in the meantime? Organisations such as the CCPR and the Sports Rights Owners Coalition, which works with the CCPR, are trying hard to make the point that sport is like intellectual property. All Governments struggle with intellectual property rights. Each sport has the right and integrity to govern itself. People want to see the abilities, talents and skills of those involved, as well as real competition, and sports provide that, but some people are making big money off the back of such activities. We should set up a structure to deal with these issues, just as we should for writers, film writers and so on. Protecting the rights of creative people in sport and elsewhere is a live issue at the moment. How do we reward ability given the huge sums that betting organisations make? The sport itself should get a payback to allow it to develop grass-roots activity, which is essential.

**Mr. Mark Field** *rose—*

**Philip Davies** *rose—*

**Dr. Gibson:** I can see that I have stirred hon. Members up.

**Philip Davies:** The idea of giving sport the proceeds from a levy on the gambling industry is a hoary old chestnut that comes up every now and then, although the Government are trying to get rid of the horse racing levy, so I cannot see them being very enthusiastic about introducing a sports levy. Has the hon. Gentleman not argued against his own case? He argues that bookmakers and gambling organisations should contribute to a levy to protect integrity in sport, but he said that many of these events take place in the Asian market and the far east, so targeting British gambling operators would do nothing to protect the integrity of sport.

**Dr. Gibson:** I thank the hon. Gentleman for that, but I have a great confidence in people, and I think that they want sport to be preserved. If people have a part to play and see new talent being created at grass-roots level for the future, we will build a different attitude—they will not just milk organisations, but be real stakeholders in it. We have to try that. The Australians and the French are doing so, and it seems to be paying off.

**Mr. Field:** Much as I share the hon. Gentleman's optimism about the public being properly served, is not the nub of the problem, which he mentioned implicitly, that governing bodies in too many of our sports are far too weak? Their concern is to keep the integrity of the game from being criticised by the press and to maintain the position of the big players, which are often the big financial interests in the sport concerned. During the football scandals of the 1960s, it was generally minor players in third and fourth division clubs who went down, although Peter Swan and Tony Kay were involved as well. Broadly speaking, the problem was seen as one involving small scandals at clubs such as Mansfield Town, not something that happened at premier clubs. In many ways, the general public are poorly served by the inadequate governing bodies of these sports. There has to be a different way forward.

**Dr. Gibson:** I thank the hon. Gentleman. Yes, there has to be a way forward, but people must contribute. These sports organisations stay in the shadows, and I understand why. They have real problems in getting intelligence systems, research, monitoring of betting activity, legal and compliance functions, disciplinary arrangements, education and training, rulebook amendments, the media and Government liaison to work together. They need help to come out of the shadows and to be perfect organisations for the sport itself.

Online gambling has changed sport dramatically. It still has to emerge from the shadows to be part and parcel of the great sporting activities in which people indulge. However, it can do that only by sharing what goes on; betting and sport must become truly intertwined. I doubt whether we will get rid of these classic cases—there will always be one or two—but there are too many opportunities to fix matches now, and we have to stop

*[Dr. Gibson]*

that. The way to do so is to get organisations together to support the people who do the intelligence work and keep the sport intact, and the Government can do that quite quickly.

10.9 am

**Mr. Mark Field** (Cities of London and Westminster) (Con): I congratulate my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) on introducing the debate. The issue is of great importance; indeed, we have come back to it, and I suspect that we will do so again. I hope that the Minister is not getting too bored of responding on these matters.

My constituency is at the heart of many of the creative industries, and many large technology industries are also based there. In addition, many bookmakers are based there, and I have visited a branch of Ladbrokes on Charing Cross road in the past few weeks. Increasingly, of course, even the old-fashioned providers supply a high-profile, innovative online offering to their shops.

I do not know whether this applies to other Members, but over the years during which I have been a Member of Parliament I have had the benefit of a close connection with the Betfair organisation, which was referred to earlier. It has assisted by providing me with general and specific briefing on technical matters. I shall touch on one or two of the issues that have been mentioned, particularly by my hon. Friend the Member for Bromley and Chislehurst.

There exists a significant threat that United Kingdom remote gambling companies will be permanently impeded from trading freely and fairly across the European Union, despite operating under the robust UK regulatory regime. Although betting companies that are large-scale employers are committed to staying in this country rather than going offshore, they take the view that if they are playing the game under the Government's regulatory and licensing regime, they understandably expect the Government to stand up for that regime abroad. It is not meant as a threat by Betfair or any of the other operators, but they have the opportunity to go offshore, and they may use that option if they find not only that UK regulation is overly robust but that the regulatory playing field is not being defended abroad by the Government.

The Minister will be aware that a number of EU member states, including Germany, France, the Netherlands and Greece, are seeking to implement, or already have in place, licensing regimes that restrict operators holding full UK remote gambling licences from operating in those other jurisdictions. As has been pointed out, that is in direct contravention of the free market principles of the EU and at odds with the UK's own regime. I regret to say that the Government have done little to demonstrate either defence or advocacy of their regulatory system as compliant with EU free trade principles. Neither have they been willing to support remote gambling companies based on our shores.

One could take a purist view and say that we do not want gambling companies onshore, perhaps because of the nefarious activities to which the hon. Member for Norwich, North (Dr. Gibson) referred. Indeed, we all have some concerns about the integrity of the gambling industry. My preference would be to encourage the gambling industry to stay onshore. From the Government's point of view, that creates significant income and employment; but it also gives us the opportunity properly to regulate the industry, so that we do not end up with a wild west show.

Many Members will be aware, as is the Minister, of the European Court of Justice case between Betfair and the Dutch Government. It has pretty wide implications for the effective operation of the internal market. I shall not go into great detail about that case, as time is somewhat short, but the Government have the opportunity to make a submission to the ECJ in support of British companies and in defence of the principle of the free provision of access to services across the EU. That is the principle upon which the UK's regulatory regime is based. I respect our regime, and I wish that we were able to stand up and make that case. Have the Government any plans to revisit their decision not to make a written submission in support of Betfair in its ECJ case against the Dutch Ministry of Justice, given that no fewer than 15 other member states have written in support of the Dutch?

On a slightly more serious note, given the banking crisis of the past six months and the Government's reaction to it, what will be the Government's position on the Dutch Government's recent request of ABN AMRO? We should not forget that it is now wholly owned by Royal Bank of Scotland, more than 75 per cent. of which is now owned by the taxpayer. Given that the Government have a majority share, they should ensure that we implement financial transaction blocking against online gambling operators.

My hon. Friend the Member for Bromley and Chislehurst referred to the report by the Danish MEP Christel Schaldemose. One disappointment—I suspect that it was in part caused by many MEPs not understanding precisely what they were voting on—is that all 19 of the governing Labour party's members voted in favour of the report, as it actively undermines the UK's regulatory regime for remote gambling. I realise that they may not have appreciated all the implications. Indeed, probably all Members of Parliament know of various times when we have voted, perhaps on a particular subsection, and only when our constituents get in touch with us subsequently do we realise that we may not have understood quite what was being voted on. It is a worry, and I hope that the Minister will give us some idea of how to ensure that all our MEPs make the case on behalf of British companies. As my hon. Friend the Member for Bromley and Chislehurst said, it is a matter that goes well beyond the confines of partisan politics.

I fear that the Government have too often failed to stick to their principles and defend their own regulatory regime. Moreover, in these troubled economic times, the Government should actively support British companies. I speak only for myself and my party, but I believe that the Minister would receive support from both sides of the House for so doing. I take this opportunity to ask why the Government believe that companies in remote industries will stay in the UK if the Government choose not to defend their own regulatory system by supporting such companies in the EU and elsewhere.

10.15 am

**Mr. John Grogan** (Selby) (Lab): I inherited from my late father a number of things, one of which was a William Hill telephone betting account. He would have been very pleased that it was in credit at the time of his death; it contained £7.33. I love gambling, and I make the occasional modest return. I have guarded my father's inheritance well.

I am not an online better, but I am an avid reader of politicalbetting.com. I recommend it to the House, as it is one of the best commentaries on political odds—who is likely to win the next election, or who is likely to be the next leader of a party. Indeed, political betting is a growing part of online betting.

In a previous debate, the hon. Member for Bath (Mr. Foster) laid out the tremendous economic potential of online betting. In many ways, the Government were ahead of the game when they set up the present regulatory regime under the Gambling Act 2005. However, although the Gambling Commission is four times bigger than its predecessor body, not many of its staff regulate online gambling.

A report about the commission's performance is to be published soon; we are looking forward to the Hampton review, as the commission has not undertaken a study of online gambling. There may be a variety of reasons for that. Tax may be one. That subject has not yet been mentioned, but the tax on online gambling is 15 per cent., which could tempt many online operators to go offshore.

The Government were very progressive a few years ago when they abolished betting tax. The replacement tax has led to an increase in revenue. That was a brave move. I believe that we should integrate tax policy with regulation policy; otherwise, many in the Gambling Commission will be sitting around waiting for people to come onshore. So far, they have not done so in large numbers.

My personal friend and neighbour, the hon. Member for Ryedale (Mr. Greenway), said that a code across Europe is essential so that those who operate in the European Union meet common standards. Equally, I support the hon. Member for Cities of London and Westminster (Mr. Field) in asking the Government robustly to defend our regulatory regime in cases such as the Betfair one.

I exempt my hon. Friend and fellow Bradford City supporter, the Minister, from this accusation, but because of all the political fuss that took place over the Gambling Act, I believe that the Government are reluctant to engage with gambling issues. When civil servants bring files on gambling to Ministers, many of them less knowledgeable than the Sports Minister, they must be tempted to put them in a far-away tray, as they are fearful of engaging with gambling issues.

It is some time since the Gambling Act was passed. I call upon the Government to defend our regulatory regime and to argue in Europe for tough codes that the whole of Europe will abide by. The situation will change worldwide, and I predict—perhaps I shall place an online bet—that, in President Obama's first term, US regulation and law will change, because arguments have already begun there about how prohibition does not work. Indeed, many of the problems with sports betting, which is completely unregulated in the US, and to which the hon. Member for Norwich, North (Dr. Gibson) referred, are far worse there than in the UK.

**Philip Davies:** I agree with the hon. Gentleman that the Government should do more to support Betfair, Ladbrokes and other UK betting organisations that are trying to access the European market. If the single market means anything, it should allow them that access. The Prime Minister is a renowned anti-gambler, unless we are talking about the nation's finances, in which case he is prepared to gamble the lot. Does the hon. Gentleman think that, because the Prime Minister is supposedly anti-gambling, the Government are reluctant to get involved?

**Mr. Grogan:** I am a keen student of the Prime Minister's character and motivation, but I think that the hon. Gentleman is perhaps being a little unfair. I mentioned the revolution in betting tax; who abolished the betting tax but the very same Prime Minister? I would not say, therefore, that that is the reason for the Government's reluctance. However, the hon. Gentleman was right to point out that many of the traditional bricks-and-mortar gambling firms, such as Ladbrokes and William Hill, are now as much into online gambling as anyone. The Government should be as vigorous in trying to open up European betting markets as they have been in opening up energy markets.

We must face the fact that many of the traditional betting companies, such as those represented by the British Amusement Catering Trade Association, feel a little bruised, because while they have been very well regulated by the Gambling Commission, a large section of offshore online gambling has not. The commission should raise its game. We all look forward to the Hampton review, and I think that we have a friend in the Minister, but the Government need to engage with the issue much more than they have in recent years.

**Mr. David Wilshire (in the Chair):** Before I call Mr. Greenway, I remind everybody that I am very keen to call Mr. Foster at half-past 10.

10.22 am

**Mr. John Greenway** (Ryedale) (Con): It is a pleasure to be here with you, Mr. Wilshire. You will know from our conversation in Paris, last Friday, that I might have been in Azerbaijan right now. When I decided that I could not go and discovered that we would be having this important debate, I realised that I had made the right decision, because this is an extremely important issue affecting many of our constituents—many more than perhaps we give credit for. The Chamber will know that I chaired the Joint Scrutiny Committee on the Gambling Act 2005 and that I am the chairman of the Responsibility in Gambling Trust, to which my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), whom I congratulate on securing this debate, referred. I was also a very strong supporter of the white list and, in particular, the Alderney Gambling Control Commission's successful application to be on it.

Connected with online gambling are many issues, myths, facts and truths that are not fully appreciated. I want to focus on regulation. In the UK, the general consensus has been—the Joint Scrutiny Committee

*[Mr. John Greenway]*

supported this view—that it was right that the Gambling Act sought to regulate the online gambling sector. However, as the hon. Member for Selby (Mr. Grogan) just said, the majority of online operators have not been regulated in the UK, because of the level of tax. We should accept that and move on from that argument. We are where we are. The key question is: if online operators, based outside the UK, seek to exploit the British market, what regulatory arrangements are appropriate and possible to protect UK punters and consumers? What standards are appropriate in respect of consumer protection, the integrity of sport, to which a number of speakers referred, and the contributions made to organisations by UK operators, such as the levies to my trust, British horse racing and so forth?

The white-list approach, to which my hon. Friend the Member for Bromley and Chislehurst referred, is based on the principle of equivalence of UK regulations for jurisdictions on the white list. It is based on very high standards in respect of the rights of consumers to complain and pursue their rights, of confidence that bets laid will be paid, of the integrity of the financial system being betted on and of pre-agreed limits on gambling activity. Good, regulated sites do all those things already. Sites should deal with money-laundering regulations properly, and we should ensure that applicants for licences are fit and proper and that not everybody is given one. Furthermore, sites should provide for mystery shopping, to which he referred, and contribute to research, education and treatment. Those are licence conditions for UK operators. All that was agreed with the Alderney Gambling Control Commission and with the Isle of Man, which was white-listed about 18 months ago. I cannot speak for the agreement with Antigua, but I would be surprised if the same high standards had not been negotiated by the Minister and his team.

Some colleagues mentioned sports betting. If there is haemorrhaging from the main UK industry, through betting shops or the Betfair site, a contribution should be made back to sport. That would be difficult to negotiate, but both main Opposition parties and the Government would be generally supportive. It is critical, however, to have proper memorandums of understanding on integrity and to ensure that suspicious betting patterns are reported. The hon. Member for Norwich, North (Dr. Gibson) was right to refer to that.

Everyone understands that the Gambling Act—this was the point of the white list—was designed to prohibit operators based outside the European economic area from operating in the UK by offering gambling services to UK consumers. However, the Government's view has always been that there is no legal basis for a ban on operators based in EEA jurisdictions. This is the nub of the problem. Not all other EU countries are quite so open: the Schaldemose report has been referred to, and a highly protectionist attitude exists in a number of other EU Governments, with the prohibition of online gambling altogether, which seems to be in clear breach of EU competition and internal market law. The Government should be more robust in pursuing the interests of British operators—colleagues have mentioned Betfair and Ladbrokes—which should be able to pursue the opportunities opened up by the internal market.

A considerable number of online operators are based in other jurisdictions, especially in Malta and Gibraltar. In my three years as chairman of the RIGT, I have been arguing for common standards across Europe on all the issues that I have mentioned. In particular, I want contributions to research, education and treatment for problem gambling. A number of operators in Gibraltar and some of the biggest names in the online world make voluntary contributions already. The Minister knows that we have managed to agree with the industry that research, education and treatment will be funded to the tune of £5 million a year for the next three years, and we look forward to him announcing, probably in April, after Easter, that he will agree to that.

Consumer protection is paramount, but I despair at the lack of progress. It is not rocket science. More should be done by EU Governments. Instead of pursuing this protectionist, beggar-thy-neighbour, finger-in-the-dyke attitude, they should recognise that these activities will happen and protect their consumers through a common code and common standards. The RIGT created the GambleAware website, which has been visited by more than 350,000 people. Its purpose is to raise consumer awareness: to ensure that people understand how to bet on online sites, are aware of their rights and avoid becoming the problem gamblers of the future.

My time is running out, Mr. Wilshire, but you and I are used to having to make brief contributions, and I have had rather more time today than I normally would have in Strasbourg. However, I will say in conclusion that gambling activity will occur. The issue is how we regulate it and how we get common standards. Above all else, if we are concerned, as my hon. Friend the Member for Bromley and Chislehurst was when he introduced the debate, to ensure that there is a safety net for people who have a problem with their gambling, we should be equally concerned to prevent people from becoming problem gamblers in the first place. That is the feature of the RIGT's work on which we must build. We must use some of this new money to raise awareness and improve education and prevention. Once again, I am grateful to my hon. Friend for giving us the opportunity to make these important points today.

**Mr. David Wilshire (in the Chair):** Anybody who put money on us reaching the hon. Member for Bath (Mr. Foster) by half-past 10 will have won.

10.30 am

**Mr. Don Foster** (Bath) (LD): I am delighted to serve under your chairmanship, Mr. Wilshire. Like others, I wish to congratulate the hon. Member for Bromley and Chislehurst (Robert Neill) on securing the debate and on his excellent contribution. I have enjoyed and learned from the contributions of many hon. Members. I particularly enjoyed hearing about how the hon. Member for Selby (Mr. Grogan) has looked after the inheritance bequeathed to him by his father.

May I also say how delighted I am to be making my contribution immediately after the hon. Member for Ryedale (Mr. Greenway)? All Members of the House, regardless of party, owe him a great debt of gratitude for the enormous amount of work that he has done in this area and for his real commitment to addressing not only some of the many issues that have been raised but the concerns that many of us have about the large

number of people who fall prey to the problems of gambling addiction. He is aware of the importance of education and research to prevent such addiction and of the work that is done to treat those who get into that sad condition.

Internet gambling is very big business. It is estimated that there are about 6,500 such websites around the world. Sadly, 5,500 of those are in no way regulated. Only about 1,000 websites are regulated by one jurisdiction or another around the world. Punters spend about £12.5 billion every year. Fortunately, some 80 per cent. of that is spent on a regulated website. We have real concern about the very large number of websites that are not regulated anywhere in the world.

However we define online gambling, we have to acknowledge that it is at the harder end of gambling. Whether we look at the prevalence studies, the telephone calls made to the various helplines or the number of hits received by online support services, internet gambling comes very high on the list of those types of gambling that are likely to lead to addiction. Therefore, we are talking about the hard end of gambling. It is very big business, which, sadly, is largely unregulated.

Much of the debate has rightly had to concentrate on areas in which there is regulation and in which we can have some influence. I am talking about the influence that we can have in Europe. Across Europe, far too many countries seem to be protectionist about their own gambling companies rather than being concerned about cross-EU regulation that would allow for the protection of people. I was disappointed with some of the discussions that took place in the lead-up to the debate in Europe on 10 March. The European Parliament must consider some of these issues again and far more seriously, with a real concern about the problems that are being caused rather than about protecting individual companies.

Moreover, we must consider some of those areas that have been touched on in the debate. I am grateful to the hon. Member for Bromley and Chislehurst for drawing our attention to the various concerns that I raised in an earlier debate in February and for pushing the Minister to get some of the answers that I, too, sought during that debate. Those who have studied that debate will know that we were debating white listing. The hon. Gentleman rightly said that there were issues relating to those other jurisdictions outside the UK that are within the European economic area, and we must return to those. However, he rightly concentrated on those non-EEA jurisdictions that are deemed to be white-listed.

To get white-listed status, a jurisdiction must prove to the Government that a set of regulatory standards are in place that are similar to and match the aims and objectives of our own regulatory regime. If a jurisdiction gets that status, they have the great benefit of being able to advertise their services within the United Kingdom. As a result, they will be able to pick up a large number of punters from the UK. About one in 10 adults in this country has been involved in some form of online gambling, whether it is through their computer, their mobile phone or their interactive television. Therefore, white-listed companies are given the privilege of being able to advertise within this country and, presumably, they get great benefit from it. We know that from some of the figures that we have seen.

Some 11 per cent. of total worldwide internet betting—equivalent to about £1.4 billion—comes from within the United Kingdom. Therefore, it is big business for white-listed countries. Yet, can we be convinced that we have done enough to secure the right deal with them and that we are doing the right investigation to see that they are living up to the standards that we expect of them? We know that one third of internet gambling sites failed the earlier mystery shopper test, which could have allowed under-18s to gamble on those sites. More worryingly, since September 2007, the Gambling Commission—the body described as "moving ahead gingerly"—has done no mystery shopping in any of those white-listed jurisdictions. When we had the debate in February, the Minister assured us that mystery shopping was going to recommence in the near future. His word was—and he is a good user of this word—"soon". My first question to the Minister is: can he tell us whether mystery shopping in white-listed jurisdictions has now begun? If not, when does he expect it to begin?

When I asked the Minister how many prosecutions there had been, he was unable to answer. He has had over a month, so I am sure that he will now be able to tell the Chamber how many prosecutions there have been under the legislation in respect of this issue. Somewhat worryingly, he also said in February that he could not tell us what costs the United Kingdom has incurred as a result of the white-listing procedure. Again, he has had over a month. I am sure that in a few minutes he will tell us how much cost there has been.

More significantly, I raised with the Minister the fact that if we were facing costs to enable white listing we had to have a mechanism of getting back some of that money. Therefore, will he please tell us how much we will get back, what the mechanism will be and what procedures will be put in place?

Finally, in that debate, I said to the Minister that although there is a requirement in those jurisdictions to contribute to research, education and treatment, the contribution did not have to be to the United Kingdom. We have already heard from the hon. Member for Bromley and Chislehurst that all those operating out of the jurisdiction of Alderney currently contribute, as do a number from Gibraltar. I welcome that, but it is not compulsory. There should be a requirement to contribute, and I should like to know what the Minister is planning to do in that regard.

In the minute or so left, may I also say to the Minister that I share the concerns about sports betting? Concerns have been growing ever since the Hansie Cronje case. I want to pay huge tribute to Betfair for the way in which it has been so open—desperate almost—to work with governing bodies to pass on information. Others are now doing so. Of the 47 cases investigated by the Gambling Commission, 35 arose as a result of information from gambling companies. I welcome the fact that they are acting.

Will the Minister acknowledge that gambling on the internet is growing? I suggest that it is growing for two reasons. The first is that more people have access to computers, but the second—this is my concern—is that the Government have failed to act quickly in respect of softer gambling, whether in supporting bingo, as they did belatedly, or in sorting out stakes and prizes, which they are also doing belatedly. By creating problems at the softer end of gambling, the Government are driving

*[Mr. Don Foster]*

more people towards the harder end, whether it is fixed-odds terminals in betting shops or internet gambling. I urge him to say that he will consider regulation, white listing and issues within the EEA and European Union. However, he must recognise that action on softer forms of gambling is also important, and I urge him to continue considering that as well.

10.41 am

**Mr. Tobias Ellwood** (Bournemouth, East) (Con): It is a pleasure to participate in this important debate. I congratulate my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) on securing it and on his opening remarks. It is interesting that almost every one of us who has spoken began by admitting an interest in gambling, in some form or another, at a younger age.

The debate touches on the bigger issue of internet use, which should not be underestimated. It affects every walk of life. Its impact is considerable and permanent. It is changing how society functions. The 9 o'clock watershed is anathema on the internet. It does not happen. The internet does not sleep; it is always there, and it is challenging some of our values as a society. That obviously applies to the subject that we are discussing.

The Conservative approach is simple. We support forms of gambling with the correct level of legislation, whether they are penny arcades, bingo, land-based casinos or on the internet. We should see gambling as a form of entertainment, where one is likely to lose, rather than a form of investment, where one thinks one might win. People who go in with that approach will not go far wrong.

The problem that we face, however, is that the playing field out there is uneven, a fact emphasised by a number of hon. Members. The UK approach is to allow internet companies to list in three ways: directly through the UK, through the so-called white list of countries—I will come to the introduction of Antigua and Barbuda a couple of weeks ago—and through the European economic area. In each of those cases, we find different standards for the level of gaming required. That cannot be right. Surely there should be one acceptable level agreed by all member states in the EU and any other jurisdiction with an interest in advertising here in the UK.

The EU market is flawed. In Germany, for example, internet gambling is outlawed entirely. In France, Sweden, Austria and other countries, it is nationalised to the point that UK companies cannot get into the market; in fact, it is illegal for them to try. By contrast, Unibet, an Austrian company, advertises and operates freely in the UK, whereas any UK company would run into severe problems getting into Austria. Le Croupier, a French-based company, is setting up in the UK, taking advantage of our open market while enjoying a monopoly back home. Surely that cannot be right. The recent Schaldemose report, by an EU committee with which the Minister should be familiar, endorsed the uneven playing field. It was British MEPs alone—I think they were Conservative MEPs—who put in a minority report to say, "This isn't the way forward. This isn't what we should be doing." I hope the Minister will be able to comment.

The scale of the problem is huge. The hon. Member for Bath (Mr. Foster) and I may have slightly different statistics, but they amount to the same thing. I understand that there are 7,000 internet gambling companies online, about 6,000 of which are unauthorised. The Government seem happy to sit idly by while nothing is done to stop the surge of unregulated online gambling. With each year that passes, more people become addicted to such sites, which offer little consumer protection, an issue on which my hon. Friend the Member for Ryedale (Mr. Greenway) has done much work. I offer my support for the evolution taking place through the Responsibility in Gambling Trust to ensure that research, education and treatment are given the respect and finance that they deserve.

The 2007 prevalence study indicates the growth of internet gambling. Internet gambling alone is at 7.4 per cent., but spread betting is at the worrying level of 14.7 per cent. I met representatives of the Financial Services Authority—oddly enough, spread betting is overseen not by the Gambling Commission but by the FSA—who were not aware of any of the good work done by my hon. Friend the Member for Ryedale. They were not aware of the importance of ensuring a safety net for people. In fact, they were not even aware that there were spread betting operations in the UK that are not registered here and that they should be examining. The Minister needs to recognise that closer co-operation is needed between the Gambling Commission and the FSA to ensure that all bases are covered. Companies are slipping through the gap.

The Gambling Commission also seems unable to cope with simple policing of the internet, as the hon. Member for Bath pointed out. I am curious to know whether the mystery shopping approach of visiting various websites to ensure that they meet standards has recommenced. I would also like to know how much it costs the Gambling Commission. I understand—I do not know whether it is true—that about one third of all sites, even British-registered ones, do not meet the standards required. The reasons may be technical rather than due to the full corruption that we see at the worst end of the scale, but nevertheless, if we have minimum standards, surely they should be met.

**Mr. Don Foster:** Does the hon. Gentleman agree that it is extremely bizarre that the Government are refusing even a freedom of information request for the names of those websites, so that people can be warned?

**Mr. Ellwood:** The hon. Gentleman makes an important point that I remember discussing in some detail. Rather than investigating the issues, we have widened the number of companies that we need to examine by introducing Antigua and Barbuda, a country in which, as my hon. Friend the Member for Ryedale said, dodgy practices go on anyway, what with Allen Stanford and cricket financing.

Any internet company wanting to advertise in the UK might as well go to Antigua and Barbuda, where a different level of regulation applies. I know that because I have seen it myself. The tick box to ensure that users are 18 just says, "Make sure you're over 18. You must be over 18; tick here." A UK-registered company based in the UK would have to say, "It is illegal to be under 18", which is a different approach to ensuring that the user is

over 18. That is a small example, but it ripples all the way through and shows the different degrees that exist. If I wanted to exploit the public, I would certainly base my operation in Antigua and Barbuda to get exposure to the market, rather than in the UK, Gibraltar or other such places, which must meet high standards.

Does the Minister have a strategy to update legislation relating to the internet? What will he do about the differences in standards across the EU? Does he believe that the Gambling Commission is capable of policing the internet properly? Is it right that online gambling companies based in Austria or other parts of the EU can operate in the UK when UK or Gibraltar-based companies cannot operate there? What assurances can he give that online gambling companies advertising in the UK contribute to RGIT or its successor? I am not sure whether the name has been confirmed yet—

**Mr. Greenway:** GambleAware.

**Mr. Ellwood:** Will the Minister examine the relationship between the FSA and the Gambling Commission to ensure that a better relationship is developed on spread betting, which has an appalling 14.7 per cent. of problem gamblers? Finally, will he consider the Conservative proposal for a kitemark on UK-approved sites, so that users will know straight away whether a site plays by the high standards that we expect, and that when they sign on, the seven other people at the virtual table are not in fact all the same person but are genuine players?

Those are the type of standards that we want to introduce. There should be a link between a company's ability to advertise and the high standards that we expect, so that the many internet companies with which many of us have good relationships are allowed to continue what they are doing, without the threat posed to them by rogue companies that choose to exploit those poor-quality rules.

In conclusion, when Tim Berners-Lee created the world wide web he introduced an invention that has arguably had a bigger impact than John Logie Baird's television or Marconi's radio. People of all ages in every corner of the country are exposed through the internet to information or opportunities, many of them financial, which would have seemed unimaginable just 30 years ago. The internet certainly can be a very positive tool, but unless legislation keeps pace with its evolution it can be used as a most efficient and powerful tool to exploit the user.

I hope that the Minister, who is responsible for what happens in just a small slice of the internet spectrum, will acknowledge how far behind legislation is and also how unfair EU legislation is, to allow genuine online gambling companies, which are willing to meet high standards and indeed already meet them to operate in a free but fair competitive market.

10.51 am

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe):** It is indeed a pleasure to serve under your chairmanship Mr. Wilshire.

I want to congratulate the hon. Member for Bromley and Chislehurst (Robert Neill) on introducing the debate and for the spirit in which he did so. I congratulate him on the points that he raised and I will try to respond to all the points that hon. Members have raised. As time often runs out on these occasions, if I am not able to address a point made by a hon. Member, I will ensure that I write to them with a detailed response. I can tell the hon. Member for Bath (Mr. Foster) that he will shortly—soon, even—receive a letter with the answers he requires.

It has been an informative debate. The Government take gambling regulation and protection of the public extremely seriously. I am grateful to hon. Members for their comments. This is an issue that I care passionately about. Indeed, today I will be meeting the Association of British Bookmakers to hear its concerns about some of the issues that have been discussed here this morning.

The Gambling Act 2005 was the largest overhaul of gambling regulations in more than 40 years. It ensured that remote gambling was brought firmly within the robust regulatory framework that we had created. Gambling via the internet is still a relatively new phenomenon and one that poses unique regulatory and social policy challenges.

The latest Gambling Commission figures show that 9.7 per cent. of people gambled online between March 2008 and December 2008, compared to 8.8 per cent. of people during 2007. However, when we take out the number of people who participate in the national lottery online, those figures fall to 5.6 per cent. in 2008, compared to 5.2 per cent. in 2007.

The hon. Member for Bromley and Chislehurst asked what is being done to deal with the growth in problem gambling among online gamblers. The Gambling Commission's 2007 prevalence study, which has already been mentioned today, showed that 7.7 per cent. of people who bet online and 7.3 per cent. of those who play casino or poker games online could be categorised as problem gamblers. However, that 2007 study was the first to include questions relating to online gambling, so the evidence to date that indicates a growth in problem gambling among online gamblers is not certain in that sense.

It has never been possible to say that one particular form of gambling is the cause of problem gambling. The 2007 prevalence study found that, on average, problem gamblers participated in more than six forms of gambling, so we are not talking about just one form of gambling; different types are involved. It thus becomes extremely difficult to single out any particular forms of gambling that are especially related to problem gambling.

The hon. Members for Bath and for Bournemouth, East (Mr. Ellwood) quoted statistics showing the number of online sites involved. They said that there were 6,000 sites. Industry sources tell us that there are 2,381 sites run by 493 companies licensed in 50 jurisdictions worldwide. So there are some discrepancies in the figures that we are using.

**Mr. Ellwood:** I must make the specific point that those companies are licensed in other countries. Many companies that are based on the internet are not licensed anywhere. That is the point that I think that the hon. Member for Bath (Mr. Foster) and I are trying to make.

*[Mr. Ellwood]*

Someone can set up an internet company anywhere in the world, if they can get an internet service provider with access to the world wide web. Those are the companies that are not authorised and that are threatening the good companies that are authorised.

**Mr. Sutcliffe:** I understand that point. I purely wanted to say that there are disputes about the number of sites involved. None the less, I accept the point that the hon. Gentleman is making. Furthermore, regardless of the number of sites we still need to ensure that funding for research, education and treatment for all problem gamblers is one of our top priorities. I am grateful for the work that has been done by the hon. Member for Ryedale (Mr. Greenway) and for all that he has done in helping us to secure the £15 million that we require over the next three years to ensure that there is comprehensive provision in that area, and I look forward to making announcements about it shortly—just after Easter. Again, I congratulate the hon. Gentleman on all the work that he has done.

Although the Gambling Commission's figures show that the popularity of online gambling is growing at a relatively steady rate, the issue seems to cause, in equal measure, interest and alarm across the world. As has been said already, just last week the European Parliament adopted a controversial report on the integrity of online gambling, despite concerns and objections from a number of MPs, MEPs and the remote-gambling industry, in respect of the report's impartiality and factual accuracy. Indeed, we briefed British MEPs on the Government's position.

I know that hon. Members are aware of the changing landscape of gambling regulation in Europe, which has been brought about by the European Commission's numerous infringement proceedings against member states that prohibit online gambling from overseas without sufficient justification. As has been said, there is no harmonisation in the regulation of online gambling across the European Union. Gambling was excluded from the scope of the services directive, which means that member states have the latitude to regulate gambling as they see fit, albeit within the parameters of European Community law.

All those issues demonstrate how important it is for us, as a Government, to ensure that we view remote gambling as an international, cross-border activity and that we continue to take steps to maintain the protection of the British public in a technologically fast-paced and ever-changing regulatory environment. That can be achieved in a number of ways. For example, we can provide greater education for consumers and increase their awareness of what to look out for when gambling on sites that may be regulated outside the UK. Protection can also be achieved through increased regulatory standards and enhanced international co-operation, which is something that the Gambling Commission is doing through its work with the Gaming Regulators European Forum and the International Association of Gaming Regulators.

There seemed to be some criticism of the Gambling Commission. My hon. Friend the Member for Norwich, North (Dr. Gibson) raised a point about integrity issues. I have asked the Gambling Commission to examine more closely how it deals with such issues. Integrity is a big issue, but there must be a good relationship between sport and the bookmakers. I think that good relationship is evidenced by the number of reports that have been made about betting patterns. None the less, it is an issue that I have taken up with the Gambling Commission and I will report back to hon. Members in due course about the aims that we are trying to achieve and the process involved.

There remains a key role for the Government in keeping our policies and regulations under regular review, to ensure that they continue to be effective in the light of both international and domestic developments. As has been said, we must keep a close eye on developments in Europe, the United States and beyond in respect of how remote gambling is approached and regulated, in order to determine any policy implications for the UK.

There may be more that we can do to put overseas operators that are able to advertise their gambling services in the UK on a more equal footing with British-based operators licensed by the Gambling Commission. As has been pointed out, during the recent debate on the advertising of foreign gambling, I said that I would reflect upon a number of issues, in particular the contributions made by overseas operators towards research, education and treatment for problem gambling in the UK. It is only right that I should look at such issues and concerns, and in the coming months, I intend to set out the process of how we will undertake to ensure that we get a return from those operators.

Like other Members, I would like to see a fairer playing field for British-based operators in Europe. The Government are committed to the principles of freedom of establishment and freedom to provide services that are enshrined in the European Community treaty, and we have been active in supporting the UK gambling industry in recent months. For instance, last year the Minister for Trade, Development and Consumer Affairs and I wrote to Commissioner McCreevy about issues affecting the freedom of UK companies to operate in Europe. My officials have also attended key events in Europe to promote the benefits of the UK system of regulation, including the council working groups dedicated to studying gambling under the French presidency. We will continue to participate actively in European gambling discussions under the Czech presidency and beyond, identifying appropriate opportunities to share the achievements of the UK model with other member states. However, when we are conducting ourselves in Europe, we must be sure that we utilise the most appropriate and effective way to engage with European institutions and other member states, given the political and cultural sensitivities surrounding gambling.

I understand the frustration felt by British businesses that pride themselves on their social responsibility standards but that are unable to offer their services within Europe when other European operators are free to offer their services in the UK. In particular, there is the issue involving Betfair. I understand the frustration felt by Betfair and Ladbrokes, but we looked at the issue very seriously, to try to make sure that it was appropriate for us to intervene. On reflection, it was not appropriate for us to intervene in that way and we had to look at the wider issues affecting gambling in the UK. I know that that is frustrating for hon. Members.

In the time that is left for the debate, I am not able to give the detailed responses on white-listing procedures that the hon. Member for Bromley and Chislehurst would like, but I will write to him to respond to his questions.

**Mr. David Wilshire (in the Chair):** Order. I am sorry, Minister, we must move to the next debate, so there is not time for any of that, but I am sure that you will write.

## Community Sports Clubs

11 am

**Ms Angela C. Smith** (Sheffield, Hillsborough) (Lab): As a fellow member of the Select Committee on Transport, it is a privilege to conduct this debate under your chairmanship, Mr. Wilshire.

The debate is about securing the future viability of our community sports clubs, and it is supported by the Central Council of Physical Recreation, or the CCPR as it is more commonly known, which does a great deal of good work in supporting community sports clubs. *[Interruption.]*

**Mr. David Wilshire (in the Chair):** Order. I would be grateful if those leaving the Chamber did so silently.

**Ms Smith:** Thank you, Mr. Wilshire. There are an estimated 151,000 sports clubs and 8 million sports participants in the UK. As the Minister will know, the work of those clubs is supported by the sterling efforts of 2.6 million volunteers. Their contribution to the health and well-being of our society is recognised by the Government, who have established the promotion of amateur sport as a charitable purpose.

Sports clubs are struggling financially, with 35 per cent. of all clubs reporting a break-even situation in an independent survey conducted only a couple of years ago, and 16 per cent. declaring a deficit. That is despite significant ongoing investment in sports clubs by Sport England, which wants 1 million more people to be participating in sport by 2012-13, and a 25 per cent. reduction in the number of 16-year-olds dropping out of the five key sports. Sport England also wants to secure a measurable increase in people's satisfaction with their experience of sport.

Those ambitious targets are designed to capitalise on London's hosting of the Olympics in 2012, which we should all support. The hope is that the 2012 Olympic games will inspire more people to take part in and succeed in sport. Sport England recognises that community sports clubs are critical to creating a world-leading community sports system in this country.

Sport England recognises the importance of the sports club structure and wants to invest in those clubs. We are all aware of that, including the Minister. At the same time, however, clubs are suffering financially, and their viability is being threatened, because of changes to water drainage charges and because of the prices they pay for utility services generally. The changes to water drainage charges are due to a new pricing regime, based on surface water drainage. The water utilities' interpretation of Ofwat guidance means that sports clubs are charged according to the surface area of their facilities, including roofs and car parks, but also, in many instances, of pitches and playing fields. Many clubs have large surface areas, which results in large bills. The surface water drainage approach often assumes that all of a property's surface water drains into water companies' infrastructure, but much of the surface water will drain naturally into soakaways or through permeable surfaces. Of course, grass football and rugby pitches and playing fields are permeable surfaces.

**Mr. Andy Reed** (Loughborough) (Lab/Co-op): Does my hon. Friend agree that when we talk about sports clubs in Great Britain, we are often talking about teams? There is a different structure on the continent, where clubs can be much larger, but many of our clubs are just small teams with small committees, for whom those charges are not just an inconvenience, but prohibitive to their existence. I can assure her that not much water drains away from some of the pitches that I play on regularly.

**Ms Smith:** The evidence from Sheffield Wednesday's Hillsborough stadium, a year ago, shows that water does not drain away from even professional pitches, never mind many community sports pitches. However, my hon. Friend is absolutely right to note that many sports clubs are very small and often run by groups of parents to support their children. That is a valid and important point.

A rugby club in Cheshire has seen its drainage charges increase from £796 to £4,193.40. The issue has also been raised by sports clubs in my constituency, because it is affecting them to such an extent. United Utilities customers have been worst hit by the increases, although the company has at least announced a one-year moratorium, which means that their sports club customers will be charged at 2007-08 levels this year. However, we need a long-term solution to the problem, because a one-year moratorium will not solve it in the long term.

We need a solution that will resolve the difficulties of all community sports clubs. The starting point for that must surely be to recognise that it is unfair that non-commercial organisations such as community sports clubs should be charged the same as commercial organisations for utility services. To assume otherwise fails to recognise the benefit that non-commercial organisations bring to the wider community. If we believe that principle to be right, we should legislate to create a new category of community building, similar to the arrangements for council tax charges. Buildings such as sports clubs, village halls and churches would then be charged lower fees for services such as water drainage. I feel strongly that the category should apply to other utility services, such as gas and electricity, and I await the Minister's comments on that issue.

Utility charges are not the only issue concerning community sports clubs, for they also struggle with the cost of Performing Rights Society licences. Sports clubs do not only offer buildings, equipment and other facilities that allow people to participate in sport. They are also social hubs, where music plays a vital role in creating an atmosphere for social intercourse and engagement between members. We all remember the days when major works sports and social clubs created a great atmosphere in which workers could come together after participating in sport. In Stocksbridge, in my constituency, the entire sports structure, which is incredibly impressive, sprang from the works sports and social club.

The average cost of a Performing Rights Society licence for a sports club is £369, but many sports clubs use music only incidentally and are at a loss to understand why they should pay £369 to hear programme theme tunes, or tunes during commercial breaks. Where clubs or other organisations choose to use music for income-generation purposes, it is reasonable for them to pay directly for that usage, but where the licence fee is payable because the club has a television or pay-per-view licence, the use of music is not of the club's choosing and the broadcaster will already have paid for the rights. Such incidental broadcasting of music does not compromise the rights of copyright owners, so requiring sports clubs to purchase PRS licences in those circumstances is excessive regulation and means that there is double payment.

Unfortunately, things could get worse. The UK Intellectual Property Office is reviewing who should pay for Phonographic Performance Ltd licences. The PRS licence relates to songwriters, composers and publishers, whereas the PPL licence relates to the owners of the recorded music in question. The risk is that community sports clubs could end up having to pay for both licences. If 151,000 sports clubs were required to purchase PPL licences, at an average cost of between £104 and £163, the cost to voluntary sport would be between £15.7 million and £24.6 million. Such staggering sums could significantly undermine the work that the Government, Sport England and the clubs are doing to build the profile of sport and engagement in it, and to deliver the world-class community sports system that we want.

The Intellectual Property Office proposals need to be changed to reflect the absolutely legitimate concerns of grass-roots community sports. Instead of extending the requirement to acquire a PRS licence to PPL licences, it is firmly in the public interest to extend the recording rights exemption currently available to not-for-profit organisations with regard to the PPL licence to include copyrights vested in music and lyrics—in other words, the PRS licence. The organisations that we are talking about provide valuable community benefits and their use of music as defined in the exemptions does not compromise the interests of copyright holders. Extending the exemption currently available on PPL to PRS—rather than extending the requirements for sport clubs to take the PPL licence—would also remove the anomaly arising from the partial exemption that currently exists.

I suggest to my hon. Friend the Minister that the exemption should also be drafted to apply to amateur sports clubs, whether they are registered as charities or not. That is an important point because voluntary sports clubs are clearly a special case, as defined by the rental and lending directive. That has been recognised on numerous occasions both by the European Commission and the European Court of Justice.

The point about amateur sports clubs relates to what my hon. Friend the Member for Loughborough (Mr. Reed) said earlier. Many clubs are very small and it is not always realistic for them to go through the process of gaining charitable status. However, those clubs more than other types of club would probably suffer from the burden of having to purchase those licences. The proposed income threshold of £20,000 as the eligibility for exemption should be removed, otherwise it has been calculated that 37,750 sports clubs will need to purchase PPL licences. That would result in an estimated annual loss to community sport of between £3.9 million and £6.1 million.

Finally, I shall answer the obvious outstanding question: are there no circumstances in which sports clubs should be expected to pay for both licences to protect the interests of songwriters, composers and owners of recorded music rights? I agree that if a sports club runs a disco

for profit, it should purchase licences. However, the way forward is to introduce a choice-and-purpose test as the basis for charging and to recognise, for example, that a rowing club that plays a CD when people are warming up is very different from a sports club that holds a disco to raise money for a summer campaign. There is a clear distinction. Under the choice-and-purpose model, equitable remuneration would be due where the user has chosen to use music to generate income. The CCPR and I believe that that would be compatible with the aim of the rental and lending directive and ensure a proper balance between the rights of copyright holders and the interests of users. I look forward to hearing the Minister's response to the points that I have raised.

11.12 am

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe):** I will, perhaps, have a bit more time to respond to this debate than to the previous one. I am grateful to my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) for raising an important issue that concerns the role of sports clubs in our communities and for talking about the need to ensure that we protect and support those clubs in what they do.

On the Government's aspirations to get more people participating in sport, we have set ourselves the ambitious target of getting 2 million more people involved in sport and physical activity by 2012. Community clubs play a vital role in achieving that through what they do already and what we hope they will do in working with schools to develop the five-hour offer. I agree with my hon. Friend: community sports clubs are fundamental to our ability to reach our 2 million target. I put on the record our thanks to many of the volunteers who run those clubs. They are the lifeblood of sport—the people who do all the work that players do not want to do, to ensure that clubs develop, grow and continue to operate.

My hon. Friend has raised a number of points that are causing concern to community sports clubs—not least, the issue of water rates. In the same way that she was aware of the matter in her constituency, I am aware that in my constituency there have been problems relating to increased water bills because of the new way of dealing with surface water charges. Out of the water companies involved, she is right to say that United Utilities is the one that is most vigorous in applying such a strict interpretation of Ofwat guidance. We have found that, occasionally, how United Utilities was measuring the available space was wrong, and my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs and I met Ofwat to make sure that we knew exactly what the circumstances were. United Utilities has a moratorium for 12 months and we have spoken to the water companies about what needs to happen in the long term. I am hopeful that that issue will be resolved and that small clubs in particular will not be inconvenienced or penalised. We will return to that matter and I will keep hon. Members informed about our progress.

**Mr. Andy Reed:** I am grateful to my hon. Friend the Minister for taking that issue up and making some progress with it. Although I recognise that the moratorium will probably help in the short term, will he give some reassurance on what the timetable is for a likely resolution to the problem? As I am sure he knows, such matters hang over club treasurers every year because people are trying to budget already for the next financial year and the one after that. Some reassurance on the time in which a positive resolution can take place would be helpful.

**Mr. Sutcliffe:** I am grateful to my hon. Friend for his intervention; he is heavily involved in sport right across the country. We have asked Ofwat to look at the matter with some urgency and to make sure that there is a consistent approach across the different water companies in relation to the measurement. Ofwat believes that the new way of measuring is right, but there are issues. My hon. Friend the Member for Sheffield, Hillsborough talked about exemptions for churches and Ofwat is aware of that. As I have said, Ofwat is talking to the water companies to try to ensure a consistency of approach and it is trying to do that as quickly as possible. I hope that my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs and I will be able to report to the House on what progress has been made. I confirm that Ofwat in particular is taking the issue up and is pursuing it with great speed.

My hon. Friend the Member for Sheffield, Hillsborough will know that the Government have invested a tremendous amount of money into small clubs through the community amateur sports club scheme. We want more clubs to take part in that scheme. I accept the point about small clubs. Applying for charitable status is difficult, but we encourage more clubs to use the CASC scheme on the basis that more than 5,000 clubs have registered for the scheme so far and more than £50 million has been saved by clubs since its inception. It is a great scheme and I hope that hon. Members will encourage more clubs to join it.

**Ms Angela C. Smith:** My point was that we need a new category of community buildings to make sure that sports clubs are charged for utility services that are not calculated on a commercial basis. It seems unfair that community clubs should be charged at the same level as commercial clubs for utility services. Would that not be the best solution to the problem that we are talking about?

**Mr. Sutcliffe:** I have some sympathy with what my hon. Friend says, but far be it from me, as Sports Minister, to impinge on the jurisdiction of colleagues in other Departments. As I said, I have some sympathy with what she has said, but we should reflect on the new changes in the sporting environment that we have instituted as a Government—for example, the Youth Sport Trust deals with school and youth sport, Sport England deals with whole sport plans though governing bodies, and UK Sport deals with professional and elite sport. An opportunity is needed to consider how we can support various sectors, particularly community sport, in the light of whole sport plans.

I will take away the issues that my hon. Friend has raised today and consider in greater detail how we can ensure that community clubs fit into those structures. As my hon. Friend the Member for Loughborough (Mr. Reed) said, there are variants—the term "sports club" can mean different things to different people. We have to strike a balance and make sure that the clubs about which my hon. Friend the Member for Sheffield, Hillsborough is talking—the small dedicated clubs that

*[Mr. Sutcliffe]*

are below a certain threshold—are looked after and protected by the sports themselves to start off with. However, anything that we can do to help should be done.

**Mr. Andy Reed:** I wish to make an important point. As my hon. Friend knows, I have a long history of involvement with the CASC scheme—I introduced a ten-minute Bill on it seven or eight years ago. We have a fantastic opportunity to build on the scheme, but there are other areas that we need to deal with—for example, the campaign that has been run on gift aid for junior subscriptions. Community sports clubs always seem to fall into a strange category that does not really relate to any of the other categories. It would be useful if we, as the sporting community, could finally get some agreement across Departments about where community sports clubs generally sit in relation to all the different categories. CASC has helped with some tax issues and with rate relief, but community sport still falls between the arts, sport and other community organisations in relation to other matters.

**Mr. Sutcliffe:** My hon. Friend is talking about the CCPR campaign "Subs for Clubs", which has been taken up at our annual visit to the Treasury. It is on the list of issues that the Department for Culture, Media and Sport wants to have agreed. As yet we have won the argument, in the wider sense, but not the money, which is slightly frustrating. However, generally, and not just because of today's debate, I shall reflect on what we can do about the smaller clubs, because of the services that they provide throughout our communities.

One big task that we must undertake is to increase the number of coaches. They are expensive and small clubs cannot afford them, so we shall have to consider methods of funding, and how small clubs can become involved with increasing the number of coaches in the wider range of sports that we shall have to offer for people to enjoy.

**Ms Angela C. Smith:** I agree on that point. The CCPR would say that one of the issues is that sports clubs' heavy use of volunteers is often focused on administrative and organisational needs, taking the focus away from their meat and drink, which is coaching and encouraging kids and adults to participate in competitive sport.

**Mr. Sutcliffe:** My hon. Friend makes an important point. As with most voluntary organisations, the difficulty comes with the chase for money from different pots, and the need to spend time bringing in funds, when what the members really want to do is help players and youngsters to perform on the pitch.

**Mr. Paul Truswell** (Pudsey) (Lab): Is not the other crucial point that my hon. Friend the Member for Sheffield, Hillsborough (*Ms Smith*) is making that there is little point in the Government's teeming money in through whatever mechanism we are talking about if it is then ladled out from clubs through utility and licence costs, and the various other continuing cost outlets that my hon. Friend wants to close?

**Mr. Sutcliffe:** Yes; you, Mr. Wilshire, have heard Governments talk about joined-up government, and we all believe in that. The reality is that sometimes the silo effect operates with unintended consequences. That is something that we want to think about, particularly in the present difficult times. Most clubs, in the present economic circumstances, are as fearful as everyone else, and we must find ways to support them.

A good example of such support is the action that we have taken on free swimming. We managed to get several Departments to work together on free swimming for the over-60s and the aspiration towards free swimming for under-16s. Each Department could understand the impact that that programme would have on its intended objective and how everyone could benefit. I agree that we need to take a view across Government, nationally and locally, to see what can be done to ensure that, as my hon. Friend the Member for Pudsey (Mr. Truswell) says, while we pour money in to support sport we do not let it go out again because of taxation or utility or other costs.

Whole sport plans will be important, because the national governing bodies will deliver. We want, through the new strategy, to deal with issues about the capacity of governing bodies. I believe in the whole sport plans and I intend to have meetings with several governing bodies soon, as we start to develop and make progress with the plans, about issues such as how the money is getting to the smaller, junior clubs that are the grass roots and that help all sports to develop. I want to know what the governing bodies are doing to ensure that we can attend to the relevant questions.

In the time that is left I want to comment on points raised by my hon. Friend the Member for Sheffield, Hillsborough about music licences and performing rights. She is aware of the balance that is needed in matters of copyright and protection for people's creative abilities. However, she is also right that there are circumstances in which those matters should be taken care of for smaller clubs, or clubs that have difficulties. She has mentioned issues arising from PRS and PPL licence rights. I know that she is aware of the consultation on PRS licences; I understand that comments about the draft code should be made by 1 May. I shall reflect on what my hon. Friend has said today about what responses we can make to the issues that she has raised.

As Minister with responsibility for licensing, I am always aware of relevant matters in the creative world such as temporary event notices or such things as my hon. Friend has discussed. It is necessary to find a balance that covers the possibilities and includes the views of people who are in proximity to clubs when events take place. My hon. Friend is right to say that those are often small occasions that provide opportunities for people to get into the clubs. We intend to respond, across Government, to the consultation that closed on 11 March. Ministers will consider the responses, and I undertake to work with colleagues in other Departments to see what we can do to bring about a positive response, as my hon. Friend discussed.

If, as my hon. Friend suggested, there is a need for primary legislation, there will be a difficulty because of the time scale of the current Session, but that should not prevent people from considering what is possible. I congratulate my hon. Friend on securing the debate. She made some important points, to which I shall give consideration.

11.25 am

*Sitting suspended.*

## Health Inequalities

[MR. MARTYN JONES *in the Chair*]

2.30 pm

**Mr. Neil Turner** (Wigan) (Lab): I think that this is the first time that I have had the pleasure and honour of serving under your chairmanship, Mr. Jones. It is a great pleasure to be under your tutelage and guidance for this one and a half hour debate that I have managed to secure on primary care trust health funding.

It would be remiss if we did not first put into context just where we are at present and how far we have travelled in the past 10 or 11 years. We should remember that just before the 1997 election, my party said that we had 24 hours to save the national health service. When we look back at some of the things that have happened since that time, we can see that it was not an idle boast and that we have actually achieved it.

One of the first things that we did, of course, was to ensure that we increased the pay of nurses, doctors, auxiliaries and technicians, so that they no longer had to scratch around looking for jobs and additional work outside the health service. We put in place proper career structures, so that they could see that there was progression from one post to another right the way through, and, much more important than all of that, we put many more staff in all sections and categories in the NHS.

The effect of those changes has been dramatic: waiting lists are down dramatically and waiting times have almost been eliminated. In Wigan borough, the time between going to a doctor and seeing a consultant is down to 18 weeks. I doubt whether it could get much shorter than that.

When we compare the present with the years between 1979 and 1997, we see that improvements have been made. Forty-hour waits on trolleys in accident and emergency were not unusual. They were highlighted in the papers all the time. People were forced to go to private practice not because they wanted to but simply because they could not bear to see themselves or their families continue in ill health and in pain. They could not wait the two to three years that it often took before they could see a consultant, let alone get treatment. We had the unenviable and disgraceful situation of workers in other areas going out on strike to support nurses who were trying to get a decent wage for themselves. All that happened between 1979 and 1997, and we have managed to overcome it.

Probably the worst thing of all was the Black report, smuggled out on the eve of a bank holiday, so that it would not get into the papers and would not be discussed, even in Parliament. When it came out, it was totally ignored by the Government of the time. Why was it ignored? Because it showed the disgraceful health inequalities that existed in our country. Not only that, it demanded action.

The improvements at every level since 1997 are absolutely huge. Let me list a few of the improvements that we have seen in the Wigan borough. We have a walk-in centre at Leigh and a new A and E and trauma centre at Wigan hospital. We have a new cardiovascular unit, and an orthopaedic centre at Wrightington hospital. Just to remind Members, Wrightington was where the first ever hip replacement operations in this country were carried out. It is a world centre for orthopaedics and it has been improved. We have the Thomas Linacre out-patient centre, and, if all that does not work, we also have a new mortuary.

All those new facilities and all the additional staff—consultants, doctors, nurses, technicians and auxiliaries—have led to dramatic improvements in the health of the people of Wigan and the entire country. We have also seen improvements in primary care, which is vitally important. We have new general practitioner-led health centres, which do away with GP surgeries in two-up, two-down houses with no parking facilities, no disabled access and no facilities to do anything other than the most basic of investigations.

There are new polyclinics. One is at Boston house, only a quarter of a mile from where I live. A renal dialysis unit, physiotherapy and mental health services, GPs and pharmacists are all in one centre. People can go there and get proper treatment in one place. Other polyclinics are at Clare house, and in Ince and Leigh, and there are many more to come. They are hugely important in improving access to primary health care and the level of service. They offer a massive range of services that will improve people's health—there is absolutely no doubt about that.

However, we know that despite all those improvements, health inequalities still exist. Not only do they still exist but they have not really improved much in the past 10 years. Both the Secretary of State for Health and the Minister are anxious to do something about that, and we want to help them to reduce health inequalities dramatically. When the current Secretary of State was appointed, he made it an absolute priority. He often quotes the statistic that for every station one passes on the Jubilee line going east from Westminster, people's life expectancy decreases by one year. He stated:

> "People in poorer areas, with lower life expectancy, have always had the least access to primary care. Cambridgeshire has more than twice as many doctors as Manchester, and men in Cambridgeshire will live six years longer."

That is not acceptable in a modern society, and it is not acceptable in the UK.

I welcome the many initiatives that have been put in place by the Secretary of State and his predecessors to tackle health inequalities: the healthy towns initiative, spearhead PCTs, the extra GP surgeries that are going into my constituency and many other under-doctored constituencies right across the country, and the open access GP surgeries that will be provided as well.

However, welcome as those things are, I do not think that they will actually solve the problem. There needs to be more recognition that initiatives should be backed up by more and more core funding in areas with health inequalities. That has been recognised: one of the first things that the present Secretary of State did when he took office was to ask the Advisory Committee on Resource Allocation to look at the formula for dividing up health funding.

**Mike Penning** (Hemel Hempstead) (Con): The hon. Gentleman is making an excellent and passionate speech in defence of his Government. On the funding formula,

*[Mike Penning]*

the reason that the Government introduced the review was actually the Health Committee report on funding and deficits, which recommended that there be a review. That was why it took place. The present Secretary of State inherited the decision.

**Mr. Turner:** It is probably true that the Secretary of State inherited the decision. Nevertheless, what I was about to say was that having inherited the need to look at the formula, the Secretary of State told ACRA that it needed to ensure that the formula more accurately represented the health inequalities that exist in areas and that the funding and weighting of various elements within the formula more accurately reflected them.

**Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): I congratulate my hon. Friend on the quality of his speech. Does he recognise that inequality in health outcomes and health funding is not just an issue between regions, or, indeed, within regions, but actually within very small areas? My borough of Westminster—a single local authority—has health inequalities within it that are as extreme as those between regions. For example, if one were to leave this building and walk to my house through some of the more deprived wards in my constituency, they would encounter a nine-year variation in life expectancy. Therefore, the formula needs to recognise that there are acute inequalities even in otherwise apparently affluent areas.

**Mr. Turner:** I accept that. My hon. Friend makes an important point, and I could say the same about my constituency, which, broadly speaking, is very deprived. We have super-output areas in the most deprived 3 per cent. of areas, but equally, we have super-output areas that are above average for quality of life. They are within easy walking distance of one another, so I recognise the issue. However, it would not be fair to tell the Secretary of State for Health that he must ensure that funding reaches such areas; locally, people should be able to make allocations dependent upon need. That is why it is important for the primary care trust to get the right amount of money and to put it into the areas that need it, both in my hon. Friend's constituency and in mine, so that it goes to Pemberton—sorry, I do not know the equivalent area in her constituency—rather than to Standish and Shevington, which have fewer health needs. The PCT, given proper direction by the Secretary of State, must tackle health inequalities with its allocations.

**Andrew George** (St. Ives) (LD): The hon. Gentleman makes a strong case and I, too, welcome the extra funding in the NHS over the years and the additional resources now. Before I was elected in 1997, and since then, I have campaigned for a fair funding formula—one reflecting not only need but poverty in the area that I represent, taking in Cornwall and the Isles of Scilly. The trust there, following the recent ACRA review of the funding formula, has certainly resolved to increase the funding to Cornwall and the Isles of Scilly, which is very welcome. However, because of the way in which the funding is delivered over time, and the pace of change at which the target is ultimately reached, the problem is that the Isles of Scilly has been left at a distance of 6.2 per cent. from its target—equivalent to £56 million—as it is a very large trust area. Will the hon. Gentleman comment on how such deprived areas as his and mine, which require additional funding, can move more rapidly towards the target that they clearly deserve?

**Mr. Turner:** The hon. Gentleman pinches a later part of my speech, and although I appreciate that he cannot stay in the Chamber for long, if he will excuse me, I would rather not answer him now. I will do so later and he can read it in *Hansard*.

ACRA was asked to put greater emphasis on areas with health needs and to ensure that the resources went to tackling them. We should make it clear that ACRA is an independent body; it is not appointed by, or answerable to, the Government. The university of Bristol is its lead academic institution and the body is medically advised. Its report and allocations are robust and, being an independent body, it cannot tell the Secretary of State what to do. I accept that, but it is important that the body advises the Secretary of State on how to make allocations, as it has. I welcomed the report when it came out, because, as the hon. Member for St. Ives (Andrew George) said, areas of severe deprivation got quite an additional increase in the resource allocations to recognise their health inequalities and deprivation.

We know from the Black report and all sorts of studies that are constantly but rightly paraded before us that deprivation is a major cause of ill health, so putting the emphasis on deprivation will ensure that resources go to tackle ill health. We know too that access to primary care is vital if we are to tackle ill health. One difficulty is that if people do not have good primary care in an area, they will use secondary care—the hospital, or the accident and emergency department—rather than their doctor. If they do not have one, or if they know that the surgery will be full because there are insufficient doctors in the area, they will not bother going. Instead, they will wait until their condition worsens to such an extent that hospitalisation is the only solution. That puts more pressure on the health service in general, and on the primary care trust in particular, because it has to pay for hospitalisation, whereas if it had had the resources to provide more access to primary care, people might have been treated much earlier and more cheaply.

**Ms Buck:** Does my hon. Friend also recognise that those of us, myself included, who have a primary care trust that is significantly above target on its allocation, also tend to be over-represented—many are in London—among health authorities with proportionately fewer patients registered for primary care? We are very anxious about that, so I hope the Minister will respond to that point. Twenty-five years ago, the Acheson report identified that in London in particular, but in other parts of the country too, there was a problem with patients being able to register with a family doctor—too many single-handed practices and so forth—which put extra pressure on hospital services. Importantly, when we look at the formula, we must ensure that we do not lose sight of that very important point and end up hitting hard the areas, particularly in the inner city, that have a long history of not receiving the primary care that they need.

**Mr. Turner:** I accept that inner cities, particularly London and many of our other major cities, have major problems. They have transient populations; people do not register for whatever reason and the Office for National Statistics has problems ensuring accuracy in the number of people it counts. I recognise all that and hope that ACRA, when it compiles its report and tries to ensure that PCTs get the right amount of money, takes it into account. Importantly, we must have a formula that is as accurate as possible and reflects the real needs of areas. If it does not, I advise my hon. Friend to apply for a Westminster Hall debate, so that she can make her points in more detail. I have no desire whatever to take money away from areas that have major problems; I want to ensure that areas such as mine, Cornwall and others, which have significant underfunding difficulties, are properly funded.

Returning to the point that the hon. Member for St. Ives made about allocations, I should say that the average allocation was 11.3 per cent. over two years, which is a welcome and significant increase in funding. There is no doubt whatever that throughout the country the health service has been transformed over the years and will continue to be transformed by the amount of money going into it. The other aspect of the allocation was that at the end of the two years no PCT would be at a distance of more than 6.2 per cent. from its target—the position of the PCT in Cornwall and many others. To ensure that those PCTs were brought up to 6.2 per cent., there had to be a floor of 10.6 per cent.; in other words, no authority would have its allocation reduced by more than 0.7 of a percentage point—the difference between the 11.3 per cent. average allocation and their 10.6 per cent. allocation.

I support the principle of floors. When huge changes must be made to PCT funding or, indeed, to any Government funding, it is right that they are managed properly. However, when the floor becomes so large, at 10.6 per cent., and the differences so huge, great problems are created. If the floor becomes too high and is coupled with PCTs that are massively over-target, it will take far too long under a pace-of-change formula for areas such as mine and those represented by other Members present today both to get the money to which they are entitled, and for authorities to get down to such figures.

One of the first speeches that the Secretary of State made when he took office was to the annual conference of local authority children's and adults' services directors in October 2008. He said that local authorities were

"uniquely positioned to play a major role in tackling the wider determinants of poor health, such as housing and transport, not to mention schools and children's services... in partnership with the NHS".

I agree. The PCTs and local authorities are working together, pooling resources and personnel. The public health director in Wigan, for example, is a joint appointment between the local authority and the PCT. That is replicated in many areas throughout the country. It is important that that happens.

The problem arises where the local authority is as underfunded as the health authority—the PCT. For example, for 2010-11, Wigan is almost £5.5 million—or 3.9 per cent.—below the amount that the Department for Communities and Local Government says that it is entitled to under the formula. Hull is just over £7 million below, which is 4.5 per cent; yet Richmond in London is £18.5 million overfunded—a massive 193.8 per cent. When the Supporting People programme is added, Wigan is again underfunded to the tune of £5.5 million and Hull is underfunded by £2.3 million. The Supporting People programme is important and is trying to ensure that people are able to remain for as long as possible in their own homes, rather than having to go into more expensive and less desirable nursing homes, or other homes, and sometimes even into hospital. If we can get people out of those places and that is what they want, it is a cheaper and better solution all round. Supporting People is a good programme, but when it is underfunded, local authorities are underfunded and PCTs are underfunded too, there is a triple whammy of inability to supply the resources to satisfy the various health needs in the area.

I just want to touch on the figures in the recent PCT allocations. I shall mention Wigan again, for obvious reasons. At the end of the two years we move £56,000 closer to our target, with the distance from target being £25,381,000. Using simple arithmetic, we can see that it will take us 453 years to achieve the target. I suspect that I will not be around then, but I take some comfort from the fact that looking at the issue in percentage terms, we would move 0.2 per cent. closer in the two years in question and we will only be 4.5 per cent. below. That will take only 22.5 years to achieve. I doubt whether I will be in the House then, but there is a chance that I will still be around to see that happen.

**Andrew George:** Is not the situation in many parts of the country even worse than the hon. Gentleman describes? As I said earlier, it has taken more than a decade to get the ACRA funding formula reviewed—particularly its market forces factor—and for the funding formula to be altered, as was announced in December. Many parts of the country, such as the hon. Gentleman's constituency and mine, have been significantly underfunded for more than a decade, so they have more than a decade of underfunding to make up for, as well as trying to achieve rapid movement towards the target.

**Mr. Turner:** Again, the hon. Gentleman is pinching my lines. His point is valid and important. The problem with underfunding, when it lasts for so long, is that it is not just £25 million this year, but £25 million last year and £20 million in the previous two years, and way beyond the previous 10 years, with perhaps even 20, 30, 40 or 50 years of underfunding in terms of facilities and doctors. That has an impact on health. That is an important point. We are talking not about a one-off situation—one year—but about a cumulative build-up, which means that we have to allocate even more resources to overcome it.

Hull is £698,000 closer to target, on £30 million, meaning that it will only take 45 years to reach the target, but in percentage terms, that is 0.2 per cent. in the time I am talking about, meaning 6 per cent. in total, so it will take Hull 30 years to get back to being allocated the resources that it is entitled to under the formula. Richmond and Twickenham PCT is £51 million away from target in 2009-10. Inexplicably, it will be £52.25 million away in 2010-11, so in fact it is moving further away from target over those two years rather than getting closer to it. At that rate of change it will never, ever reach the target. At a rate of change of 0.1

*[Mr. Neil Turner]*

per cent., when it is 23.4 per cent. over, it will take 234 years. That is not an acceptable pace of change. There is sufficient leeway in such areas to be able significantly to improve the rate of change.

We need to take into account another element. HRG4—the health resource group funding—has just been announced. I welcome that because, again, it gives hospital trusts the right amount of money. My right hon. Friend the Member for Oxford, East (Mr. Smith), who is in the Chamber, and I have long campaigned together on the orthopaedic element of that to ensure that the extremely complex orthopaedic surgery that is carried out at the Nuffield and the Wrightington hospitals is properly recognised in the amount of funding. HRG4 does that, which is important, but its impact is enormous.

Wigan PCT has estimated that if it just makes the mandatory payments, £12 million extra each year will have go straight from the PCT to the hospital. If it does all the discretionary work as well—the discretionary part of the HRG4—it will cost £24 million. I want hon. Members to hold those figures for a while. Some £12 million will have to go and another £12 million may go. The increase in funding to Wigan PCT in one year is £27 million, so for primary care improvements, we will be left with £3 million at worst or £15 million at best. Obviously, all the drugs, pay increases and so on must come out of that sum. The effect will be that Wigan PCT will be in a reduced situation and will have to make changes to the way that it does things. If Wigan has to do that when it is £25 million below target, it is not beyond the wit of areas such as Richmond and Twickenham—I have chosen it as an example, but there are plenty of others—which is £50 million, £60 million, £70 million or £80 million above target, to make similar changes.

What can be done? We need to manage the changes. When the allocations were announced, inflation was somewhere between 3 and 4 per cent. I accept that the drugs bill has been announced and fixed, and wages agreements are in place for the next two years, but there will still be significant payments to be made in respect of the expenses that PCTs incur, even though those sums are significantly lower than anticipated, given the inflation rate when the allocations were announced. If we reduced the floor from 10.6 per cent. to whatever over a year, it would allow a significant amount of money to go to areas that are underfunded, bringing them closer to the target and increasing the pace of change.

We need a faster pace of change, and the Minister should commit to that today. Targets that cannot be achieved for tens or hundreds of years are not acceptable, because of the impact on people's health, and because health professionals despair of ever being able to tackle inequalities properly. We should also have a debate on the allocations. It is amazing that we have debates on police allocations from central Government, on fire service allocations from central Government and on local authority allocations from central Government, but we do not have a debate on allocations to primary care trusts.

My local authority in Wigan receives £129 million of grant from central Government, and we have a half-day debate about that. We have consultation and debate and then confirmation or alteration of the amount. The health allocation to Wigan PCT is £565 million, four and a half times as much, yet it goes through with no debate whatever, unless there is a Westminster Hall debate. That is a hangover from the Tory years when the Conservative Government did not want to talk about health inequalities and allocations. We thought ourselves lucky if we had a health allocation, let alone an increase. Ministers should relish the opportunity to champion all the good that has been done over the past 10 years, and to put the Opposition on the spot by saying, "We know what we want to do about health inequalities and we know how we are going to tackle them, but where are you? We know what you did with the Black report. Have you changed?" We should be able to look forward to an annual debate on health allocations when so much money is involved compared with police and fire authority allocations.

If we do not make inroads, we will go on the merry-go-round of people being unable to see their doctor, clogging up A and E, or leaving problems until it is too late to treat them with primary care so that they have to be treated by health care, with primary care having to fund that instead of funding family care properly. That is a downward spiral. So many effects of health inequalities need personal intervention, because health workers must talk to people and guide them. Obesity is not an individual problem; it is a family problem. One does not see fat people; one sees fat families. That is unfortunate, but if someone's problem is only tackled individually, the mother or whoever does the cooking will continue to provide chips, pies and so on. It is unusual to hear someone from Wigan denigrating pies, but I accept that they are not a healthy pattern of eating. Smoking must also be tackled individually, so intervention is labour intensive and, therefore, expensive. If we do not have the resources to tackle it, we will not deal with health inequalities. Poorer health areas have below-target health and local authority funding and do not have the resources to tackle such problems.

I urge the Minister to commit to a debate so that we can raise the profile of health inequalities. I urge him to commit to a faster pace of change, and to considering the inflation element in the last year to see whether money can be pulled out and given to authorities that have less. The Minister could give a commitment today on those three practical areas, which would have a longer-term impact on health inequalities and ensure that this country is no longer scarred with areas where people have a mortality rate and morbidity rate of between 10 and 15 years higher than their more affluent neighbours.

3.4 pm

**Mr. Andrew Smith** (Oxford, East) (Lab): I congratulate my good friend, the hon. Member for Wigan (Mr. Turner), on his excellent, well-informed and powerful speech, as well as on securing this vital debate. I want to focus on two issues: the allocation of funds to GP practices that serve poorer communities, and GP practices with a high proportion of student patients.

First, ensuring that poorer areas receive their fair share of health funds is, as my hon. Friend said, at the heart of addressing health inequalities. It is not the only factor, and we know that housing, early years funding, schools funding and employment are also critical, but

they compound the challenge because resources are not always allocated in proportion to need in those areas either. In Oxfordshire, the primary schools serving the most affluent areas receive virtually the same funding per pupil as the most disadvantaged areas, and that must also be true elsewhere. However great the other impacts, it is certain that we will not increase equality in health outcomes, even as overall health improves, as has been the case, unless there is fair funding for primary care services in poorer areas. That is a question not just of primary care services as a gateway to secondary and specialist treatment, but of the vital role that primary care and ancillary services at health centres provide in health education and prevention.

There is an interaction between the funding mechanisms used at regional level and those used locally for practice-based commissioning. The money that ends up in a particular community is a product of both those stages. If a region is relatively affluent and with relatively good health, its regional allocation will be lower. We can all argue about the extent to which that may be the case, following the reviews of the formulae and so on, but within those more affluent regions, as my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) said, it is all the more important that practices serving poorer areas and pockets of deepest deprivation are properly and fairly resourced. Yet demand pressures and historic factors suck resources in the opposite direction, or keep them in that opposite direction.

It is disturbing that the excellent work by the *Health Service Journal* last autumn, which was reported in the Library's very good debate pack, shows that budgets have not matched their fair share as indicated by the toolkit methodology issued by the Department of Health and that the

"inverse care law—which says those who need healthcare the most are least likely to get it"

is, sadly, alive and well, so that some of the poorest parts of the country are being

"systematically underfunded to the benefit of the healthiest and wealthiest."

I was concerned to see in that article that, in the league table of PCTs with the strongest tendency to underfund poor practices, mine in Oxfordshire was second. I know that the PCT is doing a lot locally—for example, with capital investment in new health centres—to improve primary care in some of the most deprived parts of my constituency and elsewhere in the county, but that aspect of ongoing funding to practices, and the inequalities uncovered by the *Health Service Journal*, must be addressed. I am sure that the Minister shares my concern, and it would be good to hear him say what he and his Department are doing about that. As my hon. Friend the Member for Wigan said, they cannot micro-manage absolutely every allocation everywhere, and one understands that, but there needs to be much greater transparency, and perhaps the Minister will tell us that his Department is already working on that.

If the formulae interact properly, we should be able to compare primary care provision in a deprived community in Oxfordshire with that in a similarly deprived community in Sunderland. If the figures are similar, those communities should have similar levels of resourcing, although I suspect that the analysis would show that the Sunderland community was better resourced, but I might be wrong. Areas might be sucked up by the regional average, or resources might be sucked out of pockets of deprivation within regions by the historic overfunding of the most affluent areas.

Whatever the theory behind the statistical analysis, the practical politics of correcting the problem are very hard. This is not totally a zero-sum game, and budgets have been increasing quite quickly. However, if we give relatively more and relatively more extra to one area, we will be giving relatively less extra to another. If that other area has more articulate and demanding constituents, and they are kicking off about the issue, the practical politics make it very difficult to get the allocations right. The Department needs to keep a close eye on how allocations are working out in practice across the country, particularly with the introduction of practice-based commissioning. PCTs face some hard choices in the guidance on practice-based commissioning if sufficient extra resources are to get into the areas that need them most.

The second issue, on which I want to touch more briefly, is the situation of practices with a high proportion of student patients. That will not be a problem across most of the country, but it is certainly an issue in Oxford, as I expect that it is in Cambridge, Brighton and one or two other places. Changing practice funding to relate income more to long-term acute conditions and changes in the minimum income guarantee has a logic to it, and the Minister may argue that that is part of tackling the very inequalities that I have just mentioned. However, the exceptional situation of practices with an overwhelmingly high proportion of student patients could threaten their viability if their circumstances are not taken sufficiently into account.

Will the Minister confirm that he is aware of the situation of practices with a high proportion of students? Although students obviously do not have a high incidence of long-term physical conditions, they do have a high incidence of mental health conditions and sexual health issues. When looking at PCTs' funding needs, it is important to take account of their patients' particular needs. It is important that the good service that PCTs give students is not undermined by funding changes. I would appreciate the Minister's assurance that the needs of such practices are being fully and properly addressed.

I will bring my remarks to a close now to let others get in, but I congratulate my hon. Friend the Member for Wigan once again on securing this vital debate. He made a powerful point when he said that the importance of health allocations is such that they should be debated on the Floor of the House in the same way as local government, police and other allocations. This is as important an issue as any that the House ever addresses in terms of its impact on our constituents' quality of life, and it would bear a great deal more scrutiny and informed public debate. My hon. Friend's suggestion of a debate on the Floor of the House would help.

3.14 pm

**Mr. Mike Hall** (Weaver Vale) (Lab): I congratulate my hon. Friend the Member for Wigan (Mr. Turner) on securing this important debate about health inequalities. I have served as a Parliamentary Private Secretary to two Secretaries of State—my right hon. Friends the Members for Darlington (Mr. Milburn) and for Airdrie and Shotts (John Reid). Both were acutely aware of the

*[Mr. Mike Hall]*

need to reduce health inequalities, to increase life chances and to improve the care that the health service provides to people from impoverished communities.

A lot has been done to increase funding to the national health service in the past 12 years. One of the Government's major achievements was their brave decision to increase national insurance by 1 per cent., so that we could devote the money to making massive improvements to the national health service. Although one of the primary care trusts in my area was 4.7 per cent. away from target, that spending has achieved some remarkable improvements in the health service.

Today, we have had the report on the Mid Staffordshire NHS Foundation Trust and calls to scrap targets, but it would be absolute madness to scrap the two-week target for people suspected of suffering from cancer to see a consultant. It would be absolute madness to remove the 18-week maximum wait for someone to see a clinician. It would be absolute madness to say, "You have to wait as long as you must in accident and emergency." It would also be madness to say that we do not want to prioritise reducing child mortality or deaths from heart attacks, cancer and strokes. It is right to say that we should reduce those, and that is why we have seen improvements in our health service.

I have mentioned that the Halton and St. Helen's primary care trust is 4.7 per cent. away from target, but it still receives £530-odd million to spend each year, and some fantastic things have happened there. We have secured the future of Halton hospital under the Warrington and Halton Hospitals NHS Foundation Trust. Not so long ago, people thought that the hospital faced closure, but its business is now absolutely fantastic. The hospital is making massive improvements to day case surgery, so the people of Halton can actually be treated in the borough. There have also been massive improvements in diagnostics. The extension of endoscopy is a massive improvement in the earlier detection of illnesses that can be life threatening.

The hospital now houses the regional renal unit, which is up and running. It provides the best renal services in the north-west—apparently, that is because the water at the hospital is so pure. State-of-the-art activity is going on at the unit, and when I go there, I see people from the area being treated and booking to go back for their regular treatment, because the facilities are state of the art. Another thing that we have been able to do as a result of the current funding is to establish an independent treatment centre on the hospital site. That is fantastic for hip and knee replacements and other such surgery. Wonderful things are happening.

For the past 17 years, I have campaigned to get proper primary health care facilities on the Windmill estate in my constituency, which is the most deprived area in the borough of Halton. Even with its current funding, Halton and St. Helen's PCT will be able to open a brand-new GP surgery on the estate this year. My first ten-minute Bill related to the fact that the single GP on the estate walked away without giving his patients any notice and without any consultation. I have been fighting ever since to make sure that the people in the most deprived part of my constituency get the service to which they are entitled.

That raises the question of how many more improvements we could make in the Halton and St. Helen's PCT area, if the PCT had the same funding as other PCTs and if it was at target. The answer is that we could make significant improvements. There have been remarkable improvements in bringing PCTs closer to target, because the Government are committed to doing that, but as my hon. Friend the Member for Wigan has said, we really need to up the pace of change.

In another part of my constituency, I have the town of Northwich, which has the Victoria infirmary. The Brunner family donated the site to the people of Northwich for the free provision of national health facilities. The infirmary is part of the Mid Cheshire Hospitals NHS Foundation Trust, together with Leighton hospital, which provides acute care. The Victoria infirmary in the centre of Northwich is an important cottage hospital, but it was threatened with closure.

The Central and Eastern Cheshire PCT is at target, and I want it to stay at target. I am calling not for its funds to be reduced, but for the funding of Halton and St. Helen's PCT to be brought up to the level of other PCTs. I have now secured the future of the Victoria infirmary site. In conjunction with the GPs of Northwich, we shall bring forward first-class primary care and secondary care facilities, and we shall have a 12 or 24-bed facility as an assessment centre, a step-down centre for people who need to be discharged from hospital but are not fit to go home, and an assessment centre for people with long-term disabilities, to see what needs to be done to improve their care.

The one fly in the ointment with the arrangement is that Central and Eastern Cheshire PCT has decided to impose car parking charges at the hospital. Parking was previously free, as it is in the rest of the Northwich area. People will be able to park for free at the hospital for 20 minutes, after which the charge will be £3. That is a substantial increase and a substantial amount of money for people to pay. I congratulate the *Northwich Guardian*, my friend Dorie Willington and the journalist Gina Bebbington, who are campaigning forcefully to get the Central and Eastern Cheshire PCT to remove the parking charges.

This debate is a wonderful opportunity. I do not want to detain hon. Members, but I fully agree with my hon. Friend the Member for Wigan that the Government's pace of change must improve and that we must get primary care trusts such as Halton and St. Helen's PCT closer to target. As my hon. Friend has suggested, we need an annual debate in the House where we can air the issues, put the Minister on the spot and point out issues such as the level of funding that we think that we are entitled to in my constituency. All that we ask for is fair play, and if that comes about as a result of the debate, my hon. Friend will have done us all a great service.

3.21 pm

**Christopher Fraser** (South-West Norfolk) (Con): I want to make a very quick contribution to the debate. *[Interruption.]* Before the hon. Member for Stockton, South (Ms Taylor) makes her point, I will make mine, which is that I was in the other Chamber, where I wanted to contribute to the debate on the economy. As we all know, hon. Members must sit through both

opening speeches to do that, and it is not my fault or anyone else's that both debates are happening at the same time.

I congratulate the hon. Member for Wigan (Mr. Turner) on obtaining this timely debate, which I wish I had been able to attend throughout, but alas could not. I want to ask the Minister a question, after making one observation. We are currently in prostate cancer awareness month, as I am sure that the Minister knows. Health inequalities suffered by those with prostate cancer were highlighted in the 2005 National Audit Office report, which stated that prostate cancer patients

"reported a generally poorer experience of care than patients with other common cancers."

John Neate, the chief executive of the Prostate Cancer Charity has said that prostate cancer has

"suffered from a historical legacy of neglect."

My one question, so that the hon. Member for Stockton, South has plenty of time to speak, is this: does the Minister agree that that is unacceptable and that urgent action is needed to ensure that PCTs are given adequate funding to deal with the situation?

3.23 pm

**Ms Dari Taylor** (Stockton, South) (Lab): I congratulate my hon. Friend the Member for Wigan (Mr. Turner) on securing the debate. I am most grateful to the hon. Member for South-West Norfolk (Christopher Fraser) for explaining his situation. It is valuable for us to be able to understand what has happened; we all have three or four things to do at once. I am most grateful to him; I was a little shocked, but am no longer.

I was very impressed by my hon. Friend's opening contribution. He clearly outlined the shameful situation that the national health service was in before 1997 and the staggering range of services and level of investment that there has been in the NHS, certainly in the past 10 years. It has been overwhelming, in some ways, to see, in my patch, James Cook university hospital becoming one of the national cardiac centres. It has also been valuable that the university hospital of North Tees has developed teaching capabilities as well as serious competences in many areas of the health service. Like my hon. Friend, I am keen to put on record the fact that the Government have supplied considerable investment. However, like other hon. Members, I often feel that we have an inflexible formula, which works on averages, so that the chronically deprived areas in our constituencies, which frequently experience serious health hazards, are outside that formula.

The special interest group of municipal authorities within the Local Government Association has often spoken to the Secretary of State for Health and other Ministers. The point is always pressed that fair funding must be seen to be a fact throughout the health service and throughout Great Britain. I agree, but my problem is that I do not see fair funding. I do not have any problem with research-based hospitals and teaching-based hospitals receiving phenomenal increases in their funding. I realise that they must have them. However, I believe equally that the time is long overdue for us to pay attention to areas such as, in my own patch, Mandale and Victoria ward. There, average life expectancy is 58. In Hartburn and Fairfield there are very low levels of deprivation. It is delightful that they have people with above-average salaries, with the lifestyles that they accommodate. Those people have a life expectancy of 78. That is a serious issue, and it is long overdue to be dealt with. It has been sidelined by statisticians or by people who are trying to construct a formula that works for all people. I accept unequal spending, but not unequal treatment of people and their needs.

In wards with a high deprivation factor the characteristics are pretty universal. I am convinced that all hon. Members would say the same about them. Those characteristics are: low birth rates for children, high rates of illegitimate births to teenage girls, obesity rates that are a significant contributor to poor health, and significant incidence of cardiac problems and cancer. The issue is not just health, but much more. It is a question of poor rented private housing, long-term sickness, pools of permanent unemployment, and part-time and low-paid work. All those contribute to the situation, as does cigarette smoking. Who am I to complain about that? I do complain, as hon. Members can well imagine, and ask people not to do it, but when they are dealing with enormous stress a cigarette becomes their friend. We must move in to support and help, reassure them and get their trust, and get them off that frankly filthy habit.

The characteristics of parts of the wards in my constituency are the same as are found in other hon. Members' constituencies, so how is it that we still do not deal with the problems? Why does our funding formula, which may or may not be generous, not include the people in those areas? Why does it not involve asking when they went to the GP last and which clinic they visit? Those people do not trust and are not confident; they have no self-belief and do not put themselves first. They are the last in the queue. We—individuals—are persuading them to take up all sorts of opportunities, but it is the job of the national health service.

My local authority works closely with the health service. The relationship between social services and the primary care trust is a keen one. As my hon. Friend the Member for Wigan said, our Supporting People grant was 177 per cent. off what it should have been. When I have made that argument, I have received nods of sympathy and little else. Sympathy ain't what I am here for. I want action that drives resources to people who need them. Stockton's PCT and the local authority social services offer a model of excellence. They share knowledge and resources. They work the streets. However, it is a hard routine getting people to trust, to come on board, to hear the good news and to hear about the services that should be available to them.

The absolute statement for me is that my local PCT is 6 per cent. below where it should be. Our Supporting People budget is below where it should be. Our health budget is below where it should be. We cannot ensure that the work that needs to be done in very high deprivation pools is done if we do not have the people to work those streets and the resources to employ them. I am therefore saying to my hon. Friend the Minister that we need greater specificity in the way that deprivation is handled in all budgets, but most particularly in the health budget.

I was delighted to read some of the material from the Advisory Committee on Resource Allocation. It is clear that ACRA believes that we have to use weighted capitation. It is clear that it wants a separate health inequalities formula. It believes that if we are not specific about the

*[Ms Dari Taylor]*

work that we ask PCTs to do, we will never give to all people that which they deserve—fairness. Good health and good living standards should be theirs as of right, not because of someone fighting for that. I would appreciate hearing what the Minister has to say about ACRA. I want to know when the Government will come on board with this. I would like to believe that he will tell us that the Mandale, Victoria, Hartburn and Fairfield distributions will be acknowledged in the future and that all people will be treated fairly under the funding formula.

3.31 pm

**Dr. John Pugh** (Southport) (LD): I congratulate the hon. Member for Wigan (Mr. Turner) on having started this very important debate. I shall start uncharacteristically by congratulating the Government on putting a lot of money into the health service—it is a lot of money—on registering the problem of socially differentiated outcomes in health and on endeavouring to address it. Sadly, that is where the congratulations stop, because they have not been successful hitherto. There are two possible explanations for that: one is that the Government are not particularly competent; the other is that it is a very hard problem to address.

The facts are still fairly stark. I know the story that going eastwards on the Jubilee line, each station represents a year knocked off a local person's life expectancy. I do not know whether anyone has checked that recently, but it is an often repeated mantra. I know the story about children in the inner-city Manchester area dying far sooner than those born in Kensington. I came across a chilling statistic the other day that the Government should think hard about: babies born in poor families in 2008 had a 70 per cent. higher than average chance of dying. That figure has worsened—worsened—since 1998.

Allegations have been made about the ability of the UK to address health inequalities compared with other nations. The evidence on that is pretty mixed. I am not convinced that we are necessarily worse or better at addressing this issue than other European nations. Clearly, part of the problem is that we are dealing with an extremely difficult problem. Health inequalities are only partly an issue of NHS resources. They are also, as the right hon. Member for Oxford, East (Mr. Smith) said, an issue of housing, education, cultural factors in some areas, nutrition, smoking and drinking habits, and employment history—or lack of it. As unemployment goes up, health outcomes will undoubtedly get worse.

Obviously, the NHS alone cannot address a problem of this nature and size and it looks to alliances with other agencies and branches of government, so there is now in many areas a plethora of partnerships. By themselves, they are no substitute for political policy and will. They can be, to some extent, cosmetic: once the partnerships are in place, everyone thinks that the job is done, although in fact progress is not quite what we would expect. None the less, it is a fact—many hon. Members have harped on this—that NHS resources, as well as objectives, count, and count decisively. Clearly, we need to apply resources at the PCT end to great effect. However, the whole business of allocating resources, as has become apparent in the debate, is extraordinarily contentious.

Addressing inequalities is not quite the same as addressing need. The most in need, technically, are the elderly, because the worst thing that people can do for their health is get old. However, areas with high numbers of elderly people are not necessarily the same areas that have, for example, low weight ratios for babies, premature deaths and high rates of working-age invalidity, although in seaside towns—there has been a report on this relatively recently—there can be both.

**Mr. Neil Turner:** Will the hon. Gentleman not recognise that although old people become ill and need care more, in areas such as mine, where there is severe deprivation, people reach old age earlier than they do in more affluent areas? A 70-year-old in an area with more deprivation may need the same level of care as an 80-year-old in a more affluent area.

**Dr. Pugh:** I absolutely recognise that. The hon. Gentleman has made an entirely valid point. I was making the point that there can be the worst of both worlds, if I can put it like that. Many seaside towns are characteristic of this. A population in an area may be aged or more aged than normal and at the same time there may be high pockets of deprivation. A Sheffield Hallam university study said that three quarters of seaside towns in England have greater health and disability deprivation than the English average, but I dare say that we could put in plugs for other areas as also being justifiably needy.

Inequality and inequity in the health service is difficult to resolve fairly. Not many hon. Members who represent a rural environment are here in the Chamber. They would probably make the point that the cost of delivery in rural areas is important and that there will be isolated pockets of rural deprivation, even though rural areas as a whole do not statistically seem to suffer in the same way as some inner cities. In other words, it is hard to get the resource mix right and fair. I recognise that. The recent Government taskforce—the Advisory Committee on Resource Allocation—recognised it. It teased out a difference between addressing needs and addressing inequity and came up with a formula that has appreciable merit, which is to weight funding based on disability-free life expectancy. That answers some of the points made by the hon. Member for Wigan.

I want to make two points about the issue. First, although we have recognised the situation and although the consequence of that is that we have suddenly realised that areas of the north have been underfunded compared with areas of the south-east and particularly London—all hon. Members present from the north have harped on this—there is not an immediate fix for that because of the system of floors and ceilings. In other words, we are expected simply to doff our cloth caps, shuffle off in our clogs and basically do what we normally do in the north, which is put up with it. I do not think that we should. A genuine case has been put by hon. Members that needs to be answered: given that that inequity and disparity exists between north and south, why is it not properly or more rapidly reduced?

**Ms Dari Taylor:** Was the hon. Gentleman as shocked as I was when reading something in the ACRA briefing? It stated that it was looking at a range of options that could be considered in relation to the weights to apply to health inequalities, and it came out with this statement:

"However, due to lack of evidence, ACRA concluded that it is not currently possible to technically determine the cost of reducing health inequalities".

Does the hon. Gentleman, like me, think that that is a staggering statement?

**Dr. Pugh:** It is a bizarre statement, because the cost of not reducing health inequalities is allowing health inequalities to persist, which has damaging effects on real individuals in real time. Those effects have been sufficiently outlined in the debate.

The second point that I wanted to make is that there is an issue about the use of resources, regardless of what those resources are. There are clearly cases of gross and inexplicable misallocation of resources. The right hon. Member for Oxford, East talked about the provision of GPs in different areas of Oxfordshire. That is a good example. However—this is a point that the Government would probably love me to make—the qualities and outcomes framework has done something to address the problem. There seems to be some evidence that incentivising and encouraging GPs to do such things as taking blood pressure has, in part, succeeded in addressing some of the social inequities.

None the less, when considering the use of resources, we should not confuse access and service matters with underlying public health problems. I shall give a local example, as I understand it fairly well—that of my PCT area. The southern part of Sefton, which is largely Bootle, has more sources of funding, better clinics, generally more provision and wider access to hospital than the northern part, but it has worse health outcomes. Adding facilities to one area or another does not necessarily sort out the problem.

Fundamentally, what is needed in that context is to change the culture—*[Interruption.]* I am coming to the end of my remarks. The hon. Member for Hemel Hempstead (Mike Penning) indicates from a sedentary position that my time is up, but I was about to praise an element of Conservative policy; I hope that he will allow me to do so. The Conservatives differentiate public health spend and medical spend. That is notionally a good idea, though difficult to deliver. What is sometimes needed is not more spend but wise spend, and the spread of good practice. That is the real secret of addressing health inequities.

3.41 pm

**Mike Penning** (Hemel Hempstead) (Con): I thank the hon. Member for Southport (Dr. Pugh) for cutting his comments short, but we want to hear what the Minister has to say.

I congratulate the hon. Member for Wigan (Mr. Turner) on securing the debate and on making a passionate contribution. He said exactly what I would have said if I were a Back Bencher, and I agree fully on behalf of my town, which I may mention later.

I wonder whether the hon. Member for Wigan recognises this:

"Healthy Towns has all the failings of previous policies, indicating that the Government has learnt nothing from the past mistakes."

It comes from the report of the Select Committee on Health, published on Sunday. I was a proud member of that Committee for many years, but it is still Labour-dominated and has a Labour Chairman. Nevertheless, it has released a scathing report into health inequalities. If Members have not yet had the opportunity to read it, I ask them please to do so. Not only does it deal with many of the questions that have been raised today, but it sets out some ways in which we can go forward, which is what we all seek. We all wish to improve the quality of health for all our constituents in this great country. I was fascinated to read the report. In many ways, it follows on from the report on funding formula and deficits, which was published when I was a member of the Committee. That argument will go on and on, and I may touch on it in my short contribution.

The Advisory Committee on Resource Allocation was rightly asked by the Government to look into the way in which health is funded. I was as surprised as the hon. Member for Stockton, South (Ms Taylor) to read that those experts were not capable of working out how to address the inequalities argument. It is not a question of cash flying back and forth. If it were only about cash going into communities, Glasgow would have the best health outcomes and Wokingham the worst. As we know, Glasgow still gets the greatest amount of cash. We heard about the north-south divide, and the north-east gets a huge proportion—some 70 per cent. more in 2009-10 than other parts of the United Kingdom.

I listened intently to the debate on the difference between the north and the south, but those on the Front Benches—I am sure that the Minister has found this when visiting the north-east—know that although they have some fantastic facilities in the north-east, and the area is very well funded, other parts of the country would love to have the same.

**Ms Dari Taylor:** I hope that hon. Gentleman will put that into context. We were a long way behind in 1997, and we had a long way to go to get to the average point. Secondly, a great deal of that funding goes into acute medicine; again, I have no problem with that.

**Mike Penning:** The hon. Lady has raised an important point. My constituency gets disproportionately low funding compared with the midlands, let alone the north. That may be one reason why my acute hospital closed at the weekend—because of the lack of funding, it will close permanently.

I shall touch quickly on the comments of other Members. The right hon. Member for Oxford, East (Mr. Smith) raised the question of funding and how it can disproportionately affect certain parts of our communities. One part of a community may be relatively affluent and another deprived, but nothing in the formula addresses that problem. That is the cause of real disparity; the poorer seem to get worse treatment. Nothing in the formula, not even the new one, deals with that problem. In my constituency, I have some of the most affluent villages in the south, but I also have three of the most deprived wards in the country. Nothing in the funding formula allows my strategic health authority to allow for that, and the PCTs struggle enormously.

I listened carefully to what the hon. Member for Weaver Vale said about targets. I point him to the devastating report—a statement was made about it a few moment's ago in the Chamber—on the investigation into Mid Staffordshire NHS Foundation Trust. One of

*[Mike Penning]*

the most striking comments in the report was that at "virtually every stage" of emergency care, targets were being pursued to the detriment of patient care.

**Mr. Mike Hall** *rose—*

**Mike Penning:** Will the hon. Gentleman bear with me, because I am short of time and it is not be possible for me to give way?

Although I understand the ideological issue, we have to address the fact that some of our clinical experts, surgeons and consultants, are looking at the clock. They obviously did so in Staffordshire, rather than looking after the patients. That is something that has to be addressed.

**Mr. Hall** *rose—*

**Mike Penning:** I have only four minutes, and I want to leave 10 minutes for the Minister to respond to the debate.

It cannot be right for our clinicians to be more worried about the tick-boxes of the target culture than they are about treating the patients—the reason why they came into the profession. Those who do not believe me should read the Health Committee report. It is there in black and white. The Healthcare Commission will remain in existence until the end of the month.

**Mr. Hall:** Will the hon. Gentleman give way?

**Mike Penning:** No. At the end of the month, the commission will be abolished, and the parliamentary health ombudsman will take over the complaints procedure.

All too often as I go around the country, I see ambulances sitting outside A and E; patients are not being accepted because hospitals are worried about the four-hour target. *[Interruption.]* The hon. Member for Wigan may not believe me, but I was in Birmingham recently with the West Midlands ambulance service, and the chief executive will confirm that ambulances regularly have to wait outside A and E. I was in London ambulance control centre only two months ago, and there was a capacity problem in Romford; 12 ambulances were stuck outside while I was at the centre. It happens. It may not happen in Wigan, and it may not happen in Stockton, but it is happening elsewhere in the country, and it is affecting the outcome for our constituents. That problem has to be addressed.

I completely agree with something that all hon. Members who have contributed to the debate, including the hon. Member for Southport, have said, namely that we must try to separate the acute medical care and public health budgets. So often, PCTs set up public health budgets, so that they can work on the long-term inequalities within our communities, but when things get tough and money becomes tight—it seems to happen often in the constituencies that we have heard about today—those budgets are raided. If the public health budget is raided this year, the knock-on effect will last for generations, yet it is happening all the time. I believe that that is due partly to the targets—some bodies are 6 or 7 per cent. behind.

Our constituents and patients do not care about that. What they want is treatment as close to home as possible that is safe and free at the point of delivery. That is a commitment that we must all make. Yes, the funding formula has to be changed. Yes, we have to address inequalities within our communities. I urge those who have not yet read the Health Committee's report to do so. It is not a Conservative-led Committee, but its report into health inequalities is scathing.

3.49 pm

**The Minister of State, Department of Health (Mr. Ben Bradshaw):** I congratulate my hon. Friend the Member for Wigan (Mr. Turner) on securing this important debate. I do not intend to broaden my response to include health inequalities in general; we will have plenty of opportunities to debate those and the Health Committee's report in the House on future occasions. With regards to the remarks of the hon. Member for Hemel Hempstead (Mike Penning), an hour or so ago a statement was made in the main Chamber during which the Conservative claim that what happened at Mid Staffordshire NHS Foundation Trust was the result of targets was comprehensively demolished—thank you very much—so I shall not respond to that either. Again, there will be plenty more opportunities to do so.

**Mr. Mike Hall:** Will the Minister give way?

**Mr. Bradshaw:** Does my hon. Friend mind if I do not? So many Members have made so many points about allocations, and I really want to get to the nub of the debate, rather than have yet another debate about Mid Staffordshire NHS Foundation Trust. The Conservative argument that this is about targets has been totally demolished, as well as denied by the independent Healthcare Commission itself. I hope that that satisfies him.

Let us get to the issue at hand. When this Government first came to power, health spending was just £426 per head, but in 2010-11, it will be £1,612. In December, we announced what PCTs will receive for the years 2009-10 and 2010-11—a total across England of £164 billion. PCTs will therefore receive an average increase of 11.3 per cent. Given the current economic climate, that settlement is extremely generous. At this stage in an economic downturn, it is important to maintain investment, rather than cut it, as has been suggested by other political parties. Our investment means that PCTs and the NHS will have the necessary certainty to plan better services for their patients over the next two years.

I shall turn to how the allocations are set. England is a highly mobile and dyhamic society. The size, make-up and demographics of our communities are constantly changing, and the allocation of resources needs to reflect those changes. The formula that decides the allocations is drawn up by the independent Advisory Committee on Resource Allocation, which is made up of general practitioners, NHS managers and academics. ACRA regularly reviews and improves the funding formula to reflect changes in local communities as well as new data and improved techniques, and it is, of course, open to representations, including to those from hon. Members.

The aim of the formula is to ensure that PCTs with similar needs have sufficient funding to commission comparable health services and to reduce avoidable

health inequalities. A PCT's fair share, as calculated by the formula, is known as its target allocation. The formula is made up of a count of the population served by the PCT, with adjustments made to reflect factors such as the age of the population, the level of deprivation, unavoidable differences in costs, which are known as the market forces factor, and rurality.

The new funding formula takes account of new information, changes in service provision and changes in health outcomes. It builds on, and improves, the previous formula, so that it continues to meet its objectives of equal access for equal need and the reduction of health inequalities. The review of ACRA's recommendations was comprehensive and led to a number of important changes, including an improved estimation of need. For the first time, that assesses age and other drivers of need together and includes out-patient data and a separate transparent health inequalities formula.

Improvements have also been made to the market forces factor, reducing unrealistic variations between PCTs and hospitals. In addition, population estimates have been moved on to the latest sub-national population projections from the Office for National Statistics. When a new funding formula is introduced, the distance between a PCT's target and actual allocation will change—PCTs may move from over to under target, or vice versa. It all depends on the relative need of the PCT's population, as determined by the new formula.

A change in target allocation does not mean that a PCT loses out—far from it. The new formula impacts on a PCT's funding target, not on the money that it actually receives. We are committed to moving PCTs closer to their fair share over time, but that must be balanced with the need to maintain continuity and stability in NHS funding. If a PCT is under-target, it will benefit from higher growth than others. In this sense, such PCTs actually gain from being under target. What matters most to the public is not distance from target, but the levels of increased funding. For example, at the start of 2009-10, Bassetlaw PCT will be furthest below target, at around 10.6 per cent. under target. Over the next two years, it will receive more than 17 per cent. additional funding, so that by the end of 2010-11, the gap will have been reduced to 6.2 per cent.

Most of the hon. Members who have spoken in this debate live near, or represent, PCTs that will enjoy average, or above average, increases in allocations over the next two years. Cornwall is in the top decile, with 12.4 per cent.; Norfolk has 11.8 per cent.; Stockton has 11.5 per cent., and the PCTs of my hon. Friends the Members for Wigan and for Weaver Vale (Mr. Hall) are both at 11.3 per cent. Although the latter is the average, it is still more than most, because some of the worst-off PCTs, such as Bassetlaw, are getting such big increases.

The general pattern of how far PCTs are from targets now, and will be by 2011, shows a remarkable achievement. As recently as 2003-04, the most under-target PCT was 22 per cent. below target, and by 2005-06, the furthest was still 16 per cent. below. At the beginning of 2009-11, the most under-target PCT will be 10.6 per cent. below, and by the end of that period it will be 6.2 per cent. below. Some, including hon. Members here today, would like to see a more rapid journey to get the PCTs that are furthest under target closer to their targets. However, to speed up the pace for below-target PCTs would inevitably result in smaller increases in funding for above-target PCTs.

My hon. Friend the Member for Wigan acknowledged the importance of having a floor, and a debate is to be had about where that floor should be. However, we have considered the matter very hard and examined the demands on the health service throughout the country, and, in our view, moving faster over the next two years would result in painful cuts to the services provided by a number of PCTS, including those of my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck), my right hon. Friend the Member for Oxford, East (Mr. Smith) and the hon. Members for Hemel Hempstead and for Southport (Dr. Pugh). I am sure that neither my hon. Friend the Member for Wigan nor any other hon. Member here wishes for such an outcome.

My hon. Friend made a point about the impact of local government spending. PCT and local authority grants are decided in different ways and take account of different factors, which should help to avoid PCT allocations and local authority grants being suddenly changed in the same way. The Department for Communities and Local Government is represented on ACRA, and so it is involved from the start. My hon. Friend also asked whether we could have a debate in the main Chamber. I think that we have had a pretty good one this afternoon, although I accept that it was not a debate on the Floor of the House. He raised that point with the Secretary of State, who said that he would think about it, but in the end, of course, that is not a matter for the Government, but for the House. However, the Secretary of State said that he would be happy to consider such a debate.

My hon. Friend also asked whether the allocation could be changed in the final year to take into account falling inflation. He acknowledged that NHS spending is heavily dependent on labour costs. However, those costs are fixed, because, thank goodness, we managed to secure a three-year pay deal with the unions, and, given the current climate, I do not envisage them wanting to reopen those negotiations—the deal might not go in the direction that they want. The wage bill and drugs are by far the biggest proportion of the NHS bill, so we do not actually make huge savings from the fall in inflation.

To change the formula after just one year would be contrary to the very thing for which my hon. Friend and others have long been campaigning in the House—the certainty of three-year settlements, which allow PCTs to plan for the future. He also asked whether I would commit to a greater distance of travel. I have explained that, given the impact on other hon. Members' constituencies, that would not be a good idea over the next two years. However, we can reconsider that matter during the next review period, beginning in 2011, if, as I hope, we still have a Labour Government committed to tackling health inequalities.

My right hon. Friend the Member for Oxford, East asked what would happen if a PCT in a generally affluent area, but with pockets of deprivation, received a floor increase, which would be 10.6 per cent. in his case. He should be aware of two substantial points. Under the operating framework—the instruction to the NHS about its priorities—a clear obligation is placed on PCTs to tackle inequalities, and they should be held

*[Mr. Bradshaw]*

to account if they fail to do so. Secondly, in the world-class commissioning process, the quality of PCT commissioning will be much more closely scrutinised, and, again, they will be obliged to tackle and address health inequalities. They will need to be held account on that as well.

My right hon. Friend has said that his PCT did not do very well in the *Health Service Journal* league table—

**Mr. Martyn Jones (in the Chair):** Order. We must move on to the next debate.

## Audio Description

4 pm

**Alun Michael** (Cardiff, South and Penarth) (Lab/Co-op): As Members of Parliament, we occasionally have the opportunity to make a real change for the better. Even more rarely, we have the chance to accelerate change to align parliamentary influence with ministerial aspiration and to exploit technical progress. The switchover to digital television gives us an almost unique opportunity to transform the lives of blind and partially sighted people and many elderly people in general. I am confident that the Minister will give me a positive response to this short debate, because she knows how important this matter is from experience in her own constituency.

Digital switchover will give us all clearer pictures and sound, improved reception and more channels. However, an even greater benefit to people who are blind or who suffer from visual impairment comes from one single fact. People who cannot see miss out on so much that sighted people take for granted. That is vitally important because for many people, television is their main source of information and entertainment. Apart from news, documentary programmes and personal consumption of television programmes, people feel left out if they do not know what is going on on programmes such as "Big Brother", "Celebrity Love Island" and "Footballers' Wives". I have to say with some pride that I do not have a clue what is happening in those programmes, but that is because I do not want to; it is my choice.

At a recent Royal National Institute of Blind People event in the House of Commons, the Secretary of State for Culture, Media and Sport, explained the difference between choice and being excluded. He told us about his time as Parliamentary Private Secretary to my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett). My right hon. Friend is a passionate fan of the Harry Potter novels, but was unable to join in the excitement on publication day, because it would be many months before an audio tape or disc would become available and he would know what everyone was talking about.

Most examples of such social exclusion are closely related to television. Around 365,000 people in the UK are registered as blind or partially sighted. Research by the RNIB has suggested that there could be as many as 2 million people in the UK with some degree of significant sight loss. To put it another way, each constituency has between 560 and 3,000 people, depending on which analysis one uses, with some degree of visual impairment.

The switchover to digital television gives us the opportunity to help people who have been excluded from experiencing things that the rest of us take for granted. Audio description is like a narrator telling a story. It fills in the gaps by describing the images that appear on the screen. For example, it describes the lingering looks of a man as he stares deeply into a woman's eyes, and the shots of an undiscovered bomb quietly ticking its way down to zero. Although such things mean so much to the storyline, they are often a mystery to blind people, but now they can come to life through audio description.

Last year, I attended an RNIB event in which I watched some television. Wearing glasses that simulated the vision of someone with a visual impairment, I watched a clip from a television programme. That experience

was confusing and I got very little out of it. I could not work out what was going on. Still wearing the glasses, I was then shown the same clip but with the addition of audio description. It is not too much of an exaggeration to say that I was a convert to audio description from that moment.

The campaign run by the RNIB has been both imaginative and effective. Before Christmas, an invitation to a reception in the House of Commons appeared in *Advent Times*, which is a spoof of the *Radio Times*. Instead of giving programme information, it told us all about the programmes that blind people could not understand because the vital action was not audio described.

At the event itself, a corner of the Members' Dining Room was turned into the living room of Aunt Megan, who was ready to tell every MP about the virtues of audio description. Having experienced audio description with elderly parents or our own Aunt Megan or Uncle Idris, MPs got the point immediately. I want to pay particular tribute to the key person who got the point. The Secretary of State for Culture, Media and Sport, my right hon. Friend the Member for Leigh (Andy Burnham) agreed to change the core receiver requirements for the Government's help scheme for digital switchover. The digibox that will now be provided to people who qualify for help will include one-button access to audio description.

The speed of the Secretary of State's response when we approached him was particularly effective and welcome, because it means that such facilities will be available to people in Cardiff South and Penarth—and also the rest of Wales. Constituents will receive set-top boxes as part of the help scheme at the time of digital changeover. Even a slight delay in that decision would have resulted in a massive missed opportunity. Such victories of technology would not have been provided automatically to vulnerable people in my constituency or to the rest of Wales, including your constituency as well, Mr. Jones. To add it in later would have been expensive for individuals and impossible for Government or industry to organise. Therefore, the Secretary of State's decision to act quickly last October will lead to actual clear benefit to hundreds of thousands of people.

I am particularly pleased that we are having this debate on the day after the Government agreed to the request made by many Back Benchers, led by my hon. Friend the Member for Glasgow, North-West (John Robertson), to give blind people the higher rate of disabled living allowance. Such things make a difference.

Three years ago, the Government set the percentage of programmes to be audio described at 10 per cent. That requirement was enshrined in the Communications Act 2003. The target was set after consultations with Ofcom. Five years before those consultations, Ofcom was unconvinced that awareness and take-up of audio description warranted a more challenging target. Broadcasters were doubtful, too, and perhaps with some justification. If a company is being required to spend money on a service, it wants to know that that service will be used. However, things have changed.

In 2008, the RNIB commissioned a piece of research into awareness of audio description compared with two years previously. The findings were dramatic, and they were drawn to the attention of Ofcom. The public at large and people with visual impairments were all the more aware of audio description. there was an increase of 62 per cent. in the numbers of the general public who were aware of the service; there was an increase of 67 per cent. in the numbers of people with a visual impairment. That figure included a massive 150 per cent. increase in the number of mildly visually impaired people who knew about audio description. That figure struck me as dramatically important.

When I was Industry Minister, I worked closely with the Secretary of State for Work and Pensions, my right hon. Friend the Member for Stalybridge and Hyde (James Purnell) on digital switchover. We were deeply concerned about identifying those individuals who might not be registered as blind or visually impaired, or who might not have come to the attention of the social services, and yet were definitely in need of assistance from the Government help scheme. Many elderly people have a degree of visual impairment that they may even hide from friends and relatives, because they do not want to be a burden or a nuisance. How can we be sure that they will receive the help that they need? Those are the people who will benefit significantly from the Government help scheme. Publicising audio description is one way to ensure that we identify and reach as many of those people as possible.

Given the massive shift in awareness and the large increase in audience access that follows from the change in the core receiver requirements, I am confident that when Ofcom completes its television access services review, it will recommend that a minimum of 20 per cent. of programming should be audio described. Broadcasters generally deserve credit and praise for doing more than they are required to do by law. Since that research was commissioned, rates of audio description on the main channels have increased exponentially. BBC1 audio describes 14 per cent. of its output and BBC2 describes 12 per cent. ITV manages 13 per cent., Channel 4 describes 10.8 per cent. and Channel 5 describes 13.5 per cent. Even Channel Pedwar Cymru manages to audio describe more than 10.9 per cent. of its output. Some channels do even better. BBC 3 audio describes a whopping 26 per cent. of its output, and GOLD, Sky Movies, UKTV History, Sky Three and BBC 4 are all above the 20 per cent. mark. Broadcasters have reason to be proud of the efforts that they have made.

Of course we understand that there will be a cost to increasing the amount of audio-described television. Channel 5's chief executive, Dawn Airey, told me that increasing audio description levels to 20 per cent. from the current 13 per cent. would cost the broadcaster £100,000 per year, and the costs may be more for other broadcasters. However, it is not acceptable for services for disabled people to be the first to go in times of economic difficulty. ITV has already discontinued its provision of signed evening news bulletins in five regions, including ITV Wales.

ITV Wales's response to Welsh Labour MPs was disappointingly dismissive. That was something that ITV's representatives did not mention when they came to talk to us about ITV's financial problems. They do not seem to understand the reputational damage and loss of sympathy that follows from that decision. In a short debate on ITV's cuts in Wales last week, Ann Jones, the Assembly Member for Vale of Clwyd, made the following point:

"With the digital switchover just around the corner, we are already being offered HD 'Emmerdale' and HD 'The Simpsons'

*[Alun Michael]*

on a daily basis. However, among this milieu there's a big gap, leaving deaf people out in the cold."

I agree. ITV has got its priorities wrong.

I want to see a phased increase towards 20 per cent. audio description, which is the RNIB's modest request. It will help to cushion the blow if we ask bigger broadcasters to lead the way, perhaps with 2 per cent. increases yearly for the next few years. A phased approach would reward broadcasters who have already exceeded their targets and enable them to plan ahead and in turn drive down costs. I stress again that all the channels subject to the 10 per cent. audio description target are meeting it. The BBC is well above the basic requirements, and Sky has promised to meet the 20 per cent. target voluntarily. The broadcasters concerned can be proud of what they have accomplished.

The difference that audio description can make to people's lives cannot be overstated. That is why I am asking broadcasters not to wait for Ofcom's recommendations, but to make a commitment now to audio describe at least 20 per cent. of their output as soon as possible. The problem is that we have reached a plateau for audio description. We are at a point where the only way to increase awareness of audio description is to have more of it. At the moment, audio description is concentrated on the most popular programmes, soaps and films. Those who do not enjoy soaps or who are not a fan of the films being described are likely to miss out altogether on the benefits of audio description.

I thank the RNIB for alerting me to the issue and for running such an imaginative and powerful campaign. In my mother's later years, I saw the impact of failing sight and how lonely a person can get if they cannot continue to engage with the outside world. Often, television is their last link. Above all, I thank the Secretary of State for getting the point so quickly and acting on the message in respect of the core receiver requirements. That change has created the opportunity for all vulnerable people to receive the service simply and straightforwardly when they gain access through the help scheme.

Seizing the opportunity given to us by the digital switchover is essential. It creates the opportunity for a paradigm shift in the availability of audio description by providing the technology of access to all vulnerable people who qualify for the help scheme. That will massively increase the connectivity of the main audience for audio description and allow broadcasters to make their contribution in a way that will be liberating to people who are blind or visually impaired and to elderly people generally. By the way, it will also be good for the reputation of broadcasters.

4.14 pm

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett):** I congratulate my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) on securing this debate and thank him on behalf of my right hon. Friend the Secretary of State for Culture, Media and Sport for his kind words about the Department and the Secretary of State.

I have known my right hon. Friend the Member for Cardiff, South and Penarth for many years, so I know that he is an enthusiastic advocate of the benefits of audio description. As he explained so well, it is a free service, currently available on some television channels, in which a narrator describes the on-screen actions, body language and facial expressions of the actors or participants in a programme in order to help people with visual impairments to follow the programme or story.

After a campaign led by Ofcom in July last year, awareness of the existence of audio description doubled, as my right hon. Friend has said, from 37 per cent. to 72 per cent. among the United Kingdom's visually impaired community of 2 million. Given the success of the campaign, Ofcom believes that the time is right to reconsider recommending an increase in the minimum target for programmes with audio description from 10 per cent. over a 10-year period to something higher. I know that my right hon. Friend is aware of Ofcom's thinking on the matter, as he spoke with its officials at the RNIB's recent parliamentary reception, which he hosted, in support of its campaign to raise the minimum audio description target from 10 to 20 per cent.

I commend my right hon. Friend for his work to promote the benefits of audio description by hosting receptions such as the one that I have described, tabling early-day motions and securing debates such as this. I am glad that he, like me, welcomes the opportunity offered by the digital switchover to increase the use of that extremely helpful technology. Digital switchover will help, because digital terrestrial television transmission, unlike analogue, allows people direct access to audio description through their sets, which will be a huge boon to the visually impaired. As a result, after the digital switchover programme is completed in 2012, 98.5 per cent. of the population will have access to digital terrestrial television and, if they want or need it, to audio description.

As my right hon. Friend will know, the process of switching from analogue to digital television began in earnest on 6 November last year in the Selkirk and borders region. Over the next four years, the switchover will continue region by region, ending in Ulster in 2012. It is a huge exercise, but, fingers crossed—new technology always makes me resort to old superstitions—things seem to be going well. The latest digital Ofcom tracker, which provides useful snapshots of public opinion, bears that analysis out. Awareness of the digital switchover is now at 90 per cent., and understanding of what it actually means is now at 72 per cent. in the UK as a whole.

In Wales, where my right hon. Friend comes from—as do the Chair and my husband—there is an interesting difference. Some 92 per cent. of the population are aware of this huge change—that is 2 per cent. more than in the UK—but only 65 per cent. understand what it involves. After having named that collection of people in my life and in this Chamber, I will not speculate on how the difference arose.

The figures are heartening overall, but we must not be complacent. That is why Digital UK's promotional work will continue until switchover and beyond to ensure that everyone understands what is happening and what they need to do in order to benefit. That is more difficult for some than others, which is why the

Government and the BBC have set up the digital switchover help scheme, funded from the licence fee. About 7 million households are eligible for help from this scheme, which will be rolled out in each TV region as switchover approaches. All eligible people will be entitled to be provided with equipment that meets their particular needs, as long as that equipment complies with the revised core receiver requirements. After a public consultation, these new requirements were published on 11 November last year.

There is one change in those requirements that is relevant to this debate. That is the change that says that any equipment offered as standard must have one-button access to audio description services from remote control handsets. In other words, someone just has to press a button to receive audio description; they do not have to press a button and then scroll through a menu and press other buttons to receive it. So one-button audio description does what it says; it allows the user to access audio description with the press of a single button.

The Government will continue to keep the core receiver requirements under review, because technology changes and with technological changes come new needs. In addition, we have established an emerging technologies group to assess new developments as they come on stream, such as the electronic programme guides that are currently being developed by the RNIB. That process will give visually impaired people the chance to prepare and plan their viewing, rather than just accessing a new development as it emerges. Furthermore, we have not forgotten those who do not qualify for the help scheme but who could still benefit from audio description. That is why the digital television group has set up a sub-group of its usability group to examine how audio description can be readily accessed through consumer equipment.

In addition to getting the transmission and technology behind audio description right, we must ensure that the number of programmes on which this service is available is also right, which is the nub of my right hon. Friend's argument. In 2003, the Government passed legislation that set a minimum target of 10 per cent. of programmes made by licensees to be audio described within a 10-year period. That legislation also gave Ofcom the responsibility of ensuring that broadcasters meet these requirements. As my right hon. Friend's list of figures showed, broadcasters generally exceed these requirements, although not hugely. Ofcom will be investigating the awareness, take-up and usage of audio description as part of its 2009 access services review.

Ofcom will also conduct an analysis of the social and financial implications of any possible increase in audio description targets, before deciding whether or not to recommend an increased target to the Government. Ofcom will launch this review in April, and it plans to meet with stakeholders for briefing sessions before publishing a consultation document in the summer. It hopes to be able to report on its findings before the end of this year.

In the meantime, the Government welcome the recent announcement by Sky voluntarily to increase its provision of audio description to 20 per cent. of its programmes. That shows a good understanding of community and it is also good business. With an ageing population and as people's eyesight gets worse as they get older—my right hon. Friend and I now both wear glasses—I am sure that many new people will benefit from audio description services.

This news indicates the success of the awareness-raising activities of my right hon. Friend and the RNIB in this area. They are doing this country a great service, and I commend them for it.

**Mr. Martyn Jones (in the Chair):** Order. As the Minister is not present for the next debate, I adjourn proceedings until 4.30 pm.

4.24 pm

*Sitting suspended.*

## NHS Resources

4.28 pm

**Dr. Richard Taylor** (Wyre Forest) (Ind): Thank you very much, Mr. Jones, and I am very grateful to the Minister for turning up two minutes early, which means I might be able to go on for 17 minutes, but we will see how it goes.

I am delighted to see the Minister in the Chamber. He and I are quite used to swapping reminiscences and points of view with other Members in a packed Westminster Hall, but I appreciate a one-to-one with him. It is absolutely great.

As the Minister knows, I am usually trying to help the NHS and not trying to make any party political points at all. As he also knows—well, he probably does not know—I qualified as a doctor 50 years ago, so the NHS has been part of my life for a very long time and I am still absolutely dedicated to it.

The Order Paper never gives the full title of a debate, but the full title of this debate was, "Suggestions for better use of resources in the NHS". I am really returning to a recurrent theme of mine. With increasing longevity, the greater scope of possible treatment and the fact that—although the Government have poured lots of extra money into the NHS, we are now coming to the stage of limited resources—we cannot expect the bonanza of money in the NHS to go on increasing, so we have to push for maximum efficiency and the minimisation of waste in the NHS.

When addressing his constituents, in 1868, Disraeli said:

"There can be no economy where there is no efficiency."

That absolutely stands today, and the first issue that I want to consider is what the Government are doing in that regard already. I hope to get a bit of an update on that from the Minister. Then I shall suggest some things that the Government should consider doing, but I do not expect to get answers on them today, because I have not warned the Minister about any of them.

What are the Government doing to eliminate waste and inefficiency? I am sure that you saw huge advertisements in the Sunday papers over the weekend, Mr. Jones, to mark European antibiotic awareness day, which was a tremendous step. One advertisement said:

"If a cold is making you feel under the weather, antibiotics aren't going to help".

It is terribly sad that we have to tell people that, but I sympathise with the poor GPs, because time and again it might be easier simply to give out an antibiotic than to spend time explaining that it will not do one a power of good. That advertisement was something, and it was good.

**Bob Spink** (Castle Point) (Ind): The hon. Gentleman has immediately touched on an important area where there is a possibility of saving money—managing health care acquired infections. The Government's policy of dealing with them when they arise is extremely costly. Would it not be better if they changed their policy to focus on prevention by providing each patient with an individual kit to stop the spread of infections such as methicillin-resistant Staphylococcus aureus and clostridium difficile?

**Dr. Taylor:** I am grateful for that intervention. Of course, I shall come to that issue, because the prevention of health care acquired infections is terribly important. The Government are doing something about that problem, as opposed to the situation with other preventive measures. One thing that they are doing involves the better care, better value indicators, which originally identified 10 general practitioner and hospital practices through which we could save the country about £2 billion a year if best practices were followed for all of them. I should very much like to know the progress of those indicators. I think that a second wave has been launched, but they have come out so quietly that I do not know about them. I hope that primary care trusts and the people who should know about them do. I should like an update on that.

Last week, in the Select Committee on Health's public hearing on the operating framework for the NHS in England, we asked the Secretary of State about efficiency savings. His answer was rather negative. He said that the savings would come from the "back office", from better procurement and from better use of the NHS estate, but he then went on to list a lot of negatives. He said that savings would not come from patient care—

"not getting rid of staff, not restricting drugs, not expanding waiting times"

and not including

"important developments in patient care."

He left a lot to the imagination about what we could do.

The last Government measure that I shall touch on briefly is quality, which is absolutely essential. It saves money, not least by avoiding complaints and litigation. As I have said before, there are four Cs for quality, the first of which is care, which means safety and using evidence-based, up-to-date treatments. The second is compassion, which does not need any explanation. The third is continuity of care, which is threatened by the European working time directive, and the fourth is communication, which includes communication between doctors and patients, doctors and nurses, and doctors and other doctors. Communication is cut down by stress and overwork.

The importance and potential cost of quality has been emphasised today by the Healthcare Commission's report on the Mid Staffordshire NHS Foundation Trust disasters. The questions that were posed and answered today, following the Secretary of State's statement, showed that there is much more to be found out. To me, the main message was that Monitor, which decides on foundation trust status, must surely take more note of quality of care, as it currently makes decisions based on finance and good governance. The standardised mortality ratio in Stafford was known in 2007, but that trust acquired foundation status in February 2008. There has to be much more evidence about quality.

Let me make some suggestions about what we ought to be doing. We should, as my hon. Friend the Member for Castle Point (Bob Spink) has said, spend more on prevention, which is far cheaper than treatment. The first example of where work can be done on prevention is with health care associated infections. To give the Government their due, they have made that a tier 1 priority for the Care Quality Commission's inspections, so that is of paramount importance. The figure put on that saving is £75 million.

I am sure that the Minister will know, as I have mentioned it in his presence before, that I am absolutely desperate that the prevention of venous thromboembolism in hospitalised patients is given the same sort of priority as the prevention of health care acquired infections. When the Health Committee inquired into the prevention of venous thromboembolism in 2005, we learned that there were about 25,000 preventable deaths a year—at least a lot of them were preventable—and that coping with that problem would save about £640 million a year. That is far more than could be saved by preventing health care associated infections, but it is not a priority. The relevant risk assessment, which is so essential, costs nothing, and the treatment cost is peanuts. This issue was mentioned in the report on what happened in Stafford. I have not read every word of that enormous report yet, but I have found that it blamed some of the deaths on the lack of risk assessment and the occurrence of venous thromboembolism. I hope that that might push the idea that risk assessment has to be mandatory and must be assessed by the CQC.

Stillbirths and neo-natal deaths could also be prevented. The Stillbirth and Neonatal Death Society charity has drawn attention to the fact that there are 17 stillbirths or neo-natal deaths a day, which is about 6,500 a year, many of which could be prevented if research were done into the factors required to prevent them. The savings in litigation alone would be enormous.

Prevention of HIV is another issue. There are huge treatment costs, and the numbers are increasing. The National AIDS Trust tells us that 7,800 people are newly diagnosed each year in this country, and that there are estimated to be more than 80,000 people with HIV, a quarter of whom do not know that they have it. The trust has made several recommendations as to what the Government should do, including giving support to teachers, so that they can talk confidently in sex and relationship education. Other recommendations are training all health care professionals in primary and relevant secondary care specialties on HIV testing, introducing financial incentives for GPs in relation to HIV testing and pilot home sampling for HIV on the NHS.

I do not think that the Minister will be surprised if I talk about NHS pathways yet again, because I have mentioned the subject to him many times. The programme is preventive in that, with the correct use of triage, it can prevent people from going to the wrong place. Just last week, I had a letter from a constituent saying that she turned up at one place that was not right, she was sent to another place that was not right and, because it was late at night, she had to be admitted to hospital for the night. That wasted a vast amount of money.

If NHS pathways had been in place, I wonder whether the problems at Stafford might have been eased. We know that the accident and emergency department there was clogged with minor problems because the report states that, instead of concentrating on the severely ill, staff were diverted to deal with some of the minor problems and get them out of the way to meet the targets. NHS pathways would have prevented those minor cases being there at all, because the people concerned would have gone to the appropriate place. After the recent announcement that NHS pathways had been passed for use by ambulance trusts, I met the director of NHS pathways and the director of operations of NHS Direct. I appeal to the Minister to promote co-operation between those two triage systems, so that we can work towards the same triage system throughout the country as a whole, which would make a huge difference.

There are two other matters that have occurred to me literally in the past couple of days. The paediatric incontinence forum is worried that it will be pressurised into using the cheapest single-use catheters, but that could be a false economy because they are not as good at preventing infections. There is also a risk that financial stringencies mean that nurse specialists, who are the absolute experts in assessing the use of the right appliance, could be cut down. Nurse specialists will not necessarily choose the cheapest appliance, but in the long term, the cheapest is probably not the best.

The Health Committee has done a lot of work on the issue of smoking and in the recent "Health Inequalities" report we point out that smuggled cigarettes and hand-rolled tobacco are the smoking materials of quite a high proportion of 16 to 24-year-olds, and a much higher proportion of the least well-off. I learned today that there is an answer to tobacco smuggling that is almost too good to be true because it would put precisely 1p on the cost of a packet and there would be no other costs at all. The proposal is a security solution, about which I will give the Minister details after the debate, so that his officials can look into it. SICPA Security Solutions has a track-and-trace system that is already in use in several countries. The system allows smuggled cigarettes to be tracked and traced, which would surely cut down the amount of smuggled cigarettes fairly quickly. Her Majesty's Revenue and Customs focuses on detection, but the idea that I have mentioned focuses on prevention, which is far better.

I have spoken for a number of minutes without mentioning prioritisation or the dreaded word "rationing", because there is much to be done before we fall back on to rationing. At last, I have found an excellent definition of rationing in health care settings in a 2007 paper from the primary care trust network and the NHS Confederation. The paper is entitled "Priorities Setting: An Overview" and is by Dr. Daphne Austin, who is a public health consultant and an adviser to the Health Committee. She defines rationing as:

"a consequence of priority setting. A patient can experience rationing in many ways, including being denied access to a treatment or service, experiencing a delay or poor quality services which impact on the clinical outcome. It is advisable not to use the term 'rationing' as a verb; to do so is to imply that rationing is an optional activity. All positive decisions to fund are inextricably linked with a rationing consequence somewhere in the system."

I will leave the Minister with that and the fact that in a resource-limited situation, for every decision to fund something extra, something else falls off the bottom of the ladder. We must avoid getting to that stage by making the NHS as efficient and waste free as we possibly can.

4.45 pm

**The Minister of State, Department of Health (Mr. Ben Bradshaw):** I congratulate the hon. Member for Wyre Forest (Dr. Taylor) on securing the debate. Given his long professional background in the field, few hon. Members have a better understanding of the importance of the sensible use of resources when it comes to health care spending.

*[Mr. Ben Bradshaw]*

Before responding to one or two of the specific points that the hon. Gentleman made, I thought it might be helpful to put the matter in context. Often when people talk about value for money and productivity in the NHS, they come to it from a sort of widget-factory-based approach to productivity, rather than from the idea of productivity that he and I share and think is important. For example, people could conclude from the latest productivity reports from the Office for National Statistics that the NHS did not spend money efficiently. However, of course, ONS defines productivity as the amount of measurable output for a given input. By that measure, when the Government started their major investment in the NHS, productivity fell. Between 2001 and 2005, it fell by about 2 per cent. a year and by 2006 it had levelled off. So, even according to that measure, the tide was turning as long as three years ago.

However, my difficulty with the crude assessment of productivity applied to the NHS is that it not only lags behind investment, but is an inappropriate way of measuring the success, value for money and efficiency of the organisation. I shall give a couple examples in relation to that. The advances in health care provision and increases in staff numbers mean that many patients can now be treated in their own home and community. That is clearly better for their recovery and patients invariably prefer it. However, that can appear as a fall in measured productivity. Similarly, the hon. Gentleman mentioned the length of GP consultations. The average length of GP consultations has increased from eight to 12 minutes. Indeed, many good GP practices offer consultations that last a lot longer than that. I think that we would all agree that that period of time is better for the patient and the GP and that it can lead to better outcomes for the patient. However, as a crudely measured productivity statistic, that period of time spent with a patient will come across as a fall in NHS productivity.

A more helpful and objective way of measuring the productivity and value for money of the NHS is to look at what international studies say about the NHS compared with other health care systems. The prestigious Commonwealth Fund in Washington has recently rated the NHS as one of the highest performing health services for the past three years. It specifically praised the NHS for managing chronic illnesses and access to primary care, and it also highlighted the NHS as one of the most cost-effective health care systems anywhere in the world.

With the recent election of Barack Obama, it is instructive and topical to make a simple comparison with the United States. The US spends twice as much on health care as we do, as a proportion of gross domestic product, but has worse health outcomes, and tens of millions of Americans are not covered by their private health insurance system. A number of other recent international comparator studies have shown that the NHS is better at containing costs, because we have a single purchaser system and we do not have the wasteful and profit-seeking involvement of insurance companies, private doctors and the pharmaceutical industry calling the shots.

I shall now say a bit about what the Government are doing to achieve better value for money from the amount that we spend. As the hon. Gentleman has mentioned, we introduced the better care, better value indicators, which were developed by the NHS Institute for Innovation and Improvement. They provide benchmarking data that all local NHS organisations can use to improve their performance. The indicators include such things as the proportion of patients who are seen as out-patients rather than in-patients, agency costs, and the proportion of statin prescriptions that are low-cost, generic drugs, rather than the more expensive, branded ones. By comparing their own results with other similar PCTs and trusts, NHS organisations can identify areas where they may be less productive than others. That, in turn, will help to inform their decisions on how best to target their resources to increase productivity.

In the second quarter of 2008-09, eight in 10 indicators showed that, nationally, PCTs were improving. Those improvements led to efficiency savings of around £170 million. In fact, the NHS Institute for Innovation and Improvement has just added three more prescribing indicators, which look at the use of generic medicines for lipid modification, proton pump inhibitors and drugs affecting the renin-angiotensin system. The hon. Gentleman will know much more about them than I do, but I am advised that analysis shows that those are all areas where there are the greatest gains to be made by switching to generics.

**Dr. Taylor:** Proton pump inhibitors are for ulcers, and angiotensin-converting enzymes are for high blood pressure, so they are important drugs.

**Mr. Bradshaw:** I am extremely grateful for the hon. Gentleman's help.

We constantly work with the NHS institute to improve and expand those indicators, and to help local NHS organisations improve productivity and the quality of the care that they commission and provide. The hon. Gentleman was absolutely right to focus on the centrality and importance of quality. I am sure that even if he noticed nothing else about our health policy in the past year, he will have noticed the major next stage review by my noble Friend Lord Darzi, "Our NHS, our future". The overriding principle of the review was that we have to shift the service from one that is about capacity, which was right 12 years ago when we suffered from serious undercapacity in the service, to one that is about quality.

In most walks of life, we probably think of quality as something that is a bit pricey, a bit expensive—one pays a bit more for quality—but that is not the case in health systems. Quality is cheap, for all the reasons that the hon. Gentleman and the hon. Member for Castle Point (Bob Spink) mentioned. They gave examples such as prevention, doing more to tackle health care associated infections, and so on. We know from the clinical advice that we get that hospitals that are run well and efficiently and that provide high-quality care also tend to have a better handle on their finances. That is no accident.

We could talk at length about the experience at the Mid Staffordshire NHS trust, and I will come to the point that the hon. Member for Wyre Forest made about it in a minute, but there is a strong correlation in hospitals between having a good handle on financial management and high-quality care. The two are not mutually exclusive, as some people have tried to imply in the coverage of the terrible events in Mid Staffordshire—they usually go together.

So, yes to more prevention and yes to more tackling of health care associated infections. As I am sure the hon. Members for Wyre Forest and for Castle Point both know, the NHS will from April have pre-screening for MRSA for all out-patients and all elective surgery in hospitals. We believe that, too, will help to reduce bills and improve the quality of health care.

Venous thromboembolism has been raised with me before, and I will write to the hon. Member for Wyre Forest in detail on it. I recollect that there was a discussion with the Healthcare Commission as to whether it should be included as a stand-alone priority in the next—now the current—operating framework for the NHS, but it was decided that it would be better to include it in the existing performance standard on mortality than to burden the service, PCTs and trusts with ever more targets and priorities, given the pressure that is constantly on them.

However, the Care Quality Commission is consulting on the issue and we are waiting to hear what it thinks we should do to ensure that the important points that the hon. Gentleman made about tackling venous thromboembolism are taken seriously by the service to achieve the efficiencies and savings that he would like.

**Dr. Taylor:** My understanding, which is slightly different, is that the Healthcare Commission and the chief medical officer's working party had actually agreed that venous thromboembolism should be assessed but that the Care Quality Commission did not agree. It told the Health Committee a week or two ago that the Secretary of State, not it, had made the decision, and last week the Health Committee got the Secretary of State to say that he would look into the matter. I hope that the events in Stafford might give an extra push, so that the risk assessment, which determines the necessity for treatment, will be done.

**Mr. Bradshaw:** That is not my strict understanding of events, but I will happily write to the hon. Gentleman with full clarification, including the exchange of letters that I had with Sir Ian Kennedy when the matter was raised earlier. There was slight confusion about who wanted what and when.However, there is no doubt that the issue is important. We are cognisant of the fact that we want to get the balance right between burdening the service with ever more top-down targets, and ensuring that hospitals and PCTs on the ground take issues such as venous thromboembolism seriously. We are aware that the chief medical officer has flagged up the issue, and the Secretary of State and I take it seriously as well.

The hon. Gentleman discussed what he described as rationing but I would describe as sensible commissioning. I hope that through the excellent world-class commissioning work that has been going on, he will see more and more that PCTs at local level are really gripping this important issue and are providing value for money for their taxpayers and also high-quality service for patients in their areas.

There are one or two other drivers of change in respect of value for money in the health service. Under the Gershon programme, we have made annual savings of around 3 per cent. for each of the past four years. In 2007-08, that meant a saving to the NHS of £7.8 billion. The comprehensive spending review requires the NHS to maintain that level of saving until at least 2011.

Through the pharmaceutical price regulation scheme, we recently negotiated a significant saving in the annual bill for branded drug treatments. It will lead to a £350 million saving for the whole of the UK in 2009-10, with further annual savings of £550 million in each of the four years after that. Going back to what I said earlier, that of course will not improve our productivity at all. That is another reason why we must take crude productivity measures of the NHS with a pinch of salt.

The hon. Gentleman is absolutely right that we are now entering a period, after the current spending review period post-2011, when budgets will increasingly come under pressure. Getting value for money for the taxpayer as well as the most effective clinical outcomes has never been more important. With local control, the right incentives and the information that local providers need to make decisions that are right for their communities, the NHS can continue to provide excellent value for money for the taxpayer and provide patients with a better, more responsive, more personalised service than before. I am grateful for all the contributions that the hon. Gentleman has made towards that end.

*Question put and agreed to.*

4.56 pm

*Sitting adjourned.*

# Westminster Hall

*Thursday 19 March 2009*

[SIR JOHN BUTTERFILL *in the Chair*]

## A Surveillance Society?

*[ Relevant documents: Fifth Report from the Home Affairs Committee Session 2007-08 HC 58, the Government's Response Cm 7449, and the Information Commissioner's Response Session 2007-08 HC 1124. ]*

*Motion made, and Question proposed,* That the sitting be now adjourned.—*( Mark Tami. )*

2.30 pm

**Keith Vaz** (Leicester, East) (Lab): I am most grateful to the Liaison Committee and the House for allowing us to debate the Home Affairs Committee's fifth report, which asked whether Britain is becoming a surveillance society. The purpose of the debate is to discuss the issues raised in the inquiry and to consider developments since the report's publication. I am delighted to see so many Members present, including the Minister and the hon. Members for Hornchurch (James Brokenshire) and for Carshalton and Wallington (Tom Brake). The latter is a fellow member of the Select Committee.

The increasing potential, over the past decade, for the surveillance of citizens in public spaces and of private communications provided the Committee with the impetus to investigate the issue further. Much of that impetus came from the public sector. Is the state the kindly uncle Vernon or the sinister Big Brother? That is the fundamental question confronting the public every day. The approximately 4.2 million cameras in the United Kingdom capture a person, on average, 300 times a day. Over the past decade, the Home Office has invested £500 million in CCTV equipment, and, in the 1990s, it spent 78 per cent. of its crime prevention budget on installing CCTV equipment.

The boundary between what constitutes a legitimate tool in the fight against crime and an unacceptable intrusion into an individual's private life is disputed and poses difficult questions. The Committee set out to examine the evidence, with a view to proposing ground rules for the Government and their agencies. We began by taking evidence from the Information Commissioner, and went on to hear from witnesses on matters such as the collection and use of personal information by private sector organisations, the technological developments that might have affected, or that are likely to affect, the storage and sharing of personal information, and the impact of various kinds of surveillance on privacy and individual liberty. We also took evidence on Government databases and information sharing, surveillance and the fight against crime. We completed our inquiry by hearing from the Home Office.

Our inquiry took about one year, during which—this was not our fault—a number of data loss incidents took place that further highlighted our concern about the potential damage caused by the loss of such personal data. In November 2007, child benefit data, including addresses and bank details, on 25 million individuals and 7.25 million families were lost. On 3 February 2008, newspaper allegations claimed that, on two occasions in 2005 and 2006, at Her Majesty's Prison Woodhill, conversations between my hon. Friend the Member for Tooting (Mr. Khan) and one of his constituents, Mr. Babar Ahmad, who was detained in prison on an extradition warrant, had been the subject of covert recording. There are many other examples, but I shall not embarrass the Government or the Minister by going through every data loss since the inquiry began, although I am sure that the hon. Member for Hornchurch will read out the list. However, I do not hold the Minister or the Home Office responsible for the losses. I raised those incidents simply because we are concerned that, although there might be good reasons for collecting data, loss could occur without proper security and scrutiny.

Data collection clearly benefits the fight against crime, including fraud, but we concluded that it also involves significant risks. Mistakes in, or misuses of, databases can cause substantial practical harm to individuals. For example, if an individual's personal details are lost, they could be used for negative purposes, as demonstrated by the loss of the data on child benefit recipients. I am also concerned about other databases. However, to be fair to the Minister, the Government have reviewed the security of databases, and will do so again as they pursue the mother of all databases—that to hold the information contained on identity cards.

The Committee concluded that Britain is not a surveillance society—yet—but warned the Government that great care must be taken to avoid it becoming one. We found that the Government must be extremely vigilant in protecting individuals' information and warned that unless trust in the Government's intentions in relation to data collection, retention and sharing is carefully preserved, there is a danger that the "surveillance society" tag will be rightly placed upon us.

**Mrs. Eleanor Laing** (Epping Forest) (Con): The right hon. Gentleman is making an extremely important point. Having balanced the evidence, does he consider that our society will be more or less likely to become a surveillance society if identity cards are introduced universally?

**Keith Vaz:** I do not think that the chance will be increased. The Select Committee produced a report on ID cards before I became its Chairman. There are arguments on both sides, but I am convinced that the scheme can work, as long as the information collected is preserved very carefully. I would like to be reassured that the information will be stored carefully, otherwise it could be lost and misused. As the hon. Lady knows, having been in the House for some time, the simple loss of a disc containing such information, or its transmission from one employer or agency to another, can cause mayhem. Although I support ID cards, I am worried that the information gathered will not be preserved and protected. We do not have a definitive answer.

**Mrs. Laing:** I thank the right hon. Gentleman for his honesty and clarity. Having considered all the issues and concerns, which he rightly and reasonably expressed, do he and the Committee think that the systems in place are sufficient to safeguard the enormous amount of information held on universal ID cards?

**Keith Vaz:** Honestly, no, the Committee is not absolutely certain, which is why we regularly seek reassurances from Ministers, who will note that this matter was a key finding in the report. I pay tribute to the Minister, who has given evidence on numerous occasions. He is always willing to do so. In fact, we think that he probably enjoys visiting us, although that was never our intention.

We have said to the other Ministers in the Department—including the Under-Secretary of State for the Home Department, my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier), who was responsible for such issues before her maternity leave began—that they need to take enormous care because we do not take this matter lightly. We will hold Ministers to account if data disappear.

**Tom Brake** (Carshalton and Wallington) (LD): May I highlight one other concern around identity cards, which is something that I experienced when I lived in France between 1970 and 1980 and which has been confirmed again by a French intern who works for me? Identity cards in France are used to target certain sections of the population—and surprise, surprise, they do not include the white section.

**Keith Vaz:** The hon. Gentleman is right to voice that concern. Liberty and other groups fear that people from ethnic minorities will be stopped and asked for their identity cards. However, further east, people from Poland and Hungary think that we are daft because they have identity cards virtually from birth. I am not sure whether the hon. Gentleman was with us when we visited Poland, but we found that people there have a unique number from the day that they are born. It is stored on a computer and everything that they ever do contains that number. That may not be a good example bearing it in mind that that happened when the communists were in control. None the less, people from eastern Europe feel that identity cards are part of their way of life and are quite happy to accept them.

The hon. Gentleman is right that there is concern about identity cards in France, and there are ample examples of difficulties. Citizens in other countries have received such cards and unique numbers from very early on in their lives and they are very happy to keep them.

The report advises strongly against the expansion of surveillance techniques and notes the dangers of function creep—when information is used for purposes beyond that which was originally intended. If someone needs to collect information for a particular reason, they should have the information for that reason but should not use it for other purposes. We sought assurances from the Government that that would be the case.

The Committee was particularly anxious to stop any attempt to use patient data or information held on children for the purpose of predictive profiling for future criminal behaviour rather than child protection. On 9 March 2009, the Home Secretary confirmed that the youngest person to have a DNA profile held on the database was less than a year old and the oldest was over 90. Apparently, DNA was taken to eliminate the baby from a crime scene. What a baby was doing at a crime scene and how they could possibly be considered to be part of a crime scene is beyond me.

We also have examples from Members of the House. The hon. Member for Hammersmith and Fulham (Mr. Hands) has repeatedly written to the chief constable of his area to ask for his DNA to be removed. Again, he was not at a crime scene when his DNA was taken. An elderly relative had died, and the DNA was taken from all his family to eliminate them from the crime scene. The case is known to the Government, and the hon. Gentleman mentions it to me every time he sees me, and I ask him about it every time I see him. He still has not received a reply from his chief constable as to whether those data will be retained.

Following the ruling of the European Court of Human Rights, the Home Secretary announced the removal from the database of the DNA of children under the age of 10. As the House knows, the European Court ruled that the United Kingdom should not indefinitely retain the DNA and fingerprint records of people who are not convicted of a crime.

I raised the matter with the Leader of the House at business questions last week. The Government's position is that we must have those data because, at some time in the future, someone on the database will commit a crime and, hooray, we will have their DNA so we will not have to look for them. None the less, that is predictive profiling and, in my view, totally unacceptable. We must either put everyone on the database—and I would be very much against that—or we put on the database those who have been convicted of a crime so that we know that they have been involved in criminal activity. We should not put on the database people who may have been stopped quite innocently.

I had a case recently in my constituency of a have-a-go hero. A young man tried to stop a fight between two individuals. The police arrived, arrested everyone and took his DNA. They released him several hours later saying that he should never have been arrested, but they still retained his DNA. Trying to get the young man's DNA off the database has been cumbersome. The police stopped replying to our letters, so I stopped writing on his behalf. Perhaps I just gave up, but the fact is that there was no point in continuing to write when we were getting no answers.

As part of our inquiry, the Committee considered the Home Office's responsibilities in relation to the collection and sharing of personal information, including CCTV, identity cards and the national DNA database. We considered how information collected in other public and private sector databases might be shared for use in the fight against crime. We recommended that the Government should show restraint in collecting personal information and constantly questioned whether surveillance activities are proportionate responses to threats.

The DNA database contains samples from 4.6 million people. Currently, 730,000 innocent people's details are retained on the national DNA database, which is the largest amount per head of population anywhere in the world. The fingerprint database holds 7.5 million entries, including 800,000 innocent people. The UK's DNA database is 50 times the size of its French equivalent. Our report urged that the Government should only collect information from individuals that is essential, and that it should be stored only for as long as necessary. That includes the retention of innocent people's DNA.

It is vital that the Government accept the principle of data minimisation, which was recommended by the Committee. Failure to do so might result in the erosion of trust between the individual and the Government, and could change the nature of the relationship between

the citizen and the state. The Committee urges the Government to resist the collection of more information and the creation of larger databases. That could be detrimental to the relationship of trust between the Government and individuals. It is crucial that the public are kept fully informed of all data collection motives, and any decision to create new surveillance tools, such as databases, should be based on a proven need.

The decision to use surveillance should always involve a publicly documented process of weighing up the benefits against the risks. Security breaches and the consequences of unnecessary intrusion into individuals' private lives should be considered as part of the decision. That is essential to ensure the trust of the public in Government and authority organisations, and it is important to ensure that that trust is maintained.

The Committee also determined that the Information Commissioner should lay before Parliament an annual report on surveillance and that the Government should respond formally. I am pleased that the Information Commissioner responded positively to our report and has agreed to that recommendation. I am not sure what the Government's position is. Perhaps the Minister could tell us whether the Government's response to the Information Commissioner will also be formally laid before Parliament.

The Home Office should be exceedingly cautious in extending the collection and use of individuals' personal information. The fight against crime is very real and should be undertaken with a large amount of seriousness and action. There is a distinctive and thin line that currently separates the protection of the public and the preservation of individuals' liberty.

The Government's response has, overall, been welcomed by the Committee. I am reassured by their commitment to carry out reviews of the authorities who have access to surveillance powers and look forward to the new code of practice that was promised. I am concerned, however, that they have rejected several of the Committee's recommendations intended to prevent abuse of the information held on the national identity register. They have also responded negatively to our recommendations to ensure that privacy impact assessments for new data collection or storage projects are not just tick-box exercises.

I hope that the Government will look again at the Committee's concern about the lack of control over how CCTV operatives deploy cameras and about the effectiveness of CCTV. The inability of individuals to access camera footage is dealt with in the CCTV code of practice published by the Information Commissioner. I have had several cases in which constituents who have been arrested by the police and wish to prove their innocence have asked those who have the cameras whether a film can be made available, but often they are told that the film is unavailable. In fact, I cannot think of a single case in which film has been made available to allow a constituent to prove their innocence.

There are constantly articles in the media about privacy and surveillance, and that interest further demonstrates the public concern and the passion for the issue. I am delighted that the Government have decided this week to drop their proposal for a Government super-database from the Coroners and Justice Bill. There has been widespread concern about those proposals from many sectors, and those concerns are valid and ought to be taken into account. The Committee would be delighted if the Government had decided to drop that proposal as a result of our excellent report, but I think that they probably realised, having looked at it, that it was totally impractical. The Secretary of State for Justice and Lord Chancellor has said that he will redraft the provisions. I hope that he does not come back with a proposal for an even bigger database or one that will cost even more money, but I will leave that for the Minister to respond to when he comes to talk about the Government's initiative.

A recent police exercise tried to find out how many CCTV cameras there are in Britain, as no one has figures. The figure I gave at the beginning of the debate is an estimate, as we do not have an absolutely accurate figure, but perhaps the Minister will have that information.

The House of Lords Constitution Committee published its report, "Surveillance: Citizens and the State", in late January. The Committee was generally more alarmed by the extent of surveillance and the lack of limitations on it than was our Committee, although many of its detailed conclusions echo ours, such as the recommendations to give greater power to the Information Commissioner, remove profiles from the DNA database and commission research on how effective CCTV really is. The figures on the effectiveness of CCTV cause us concern. We are not absolutely enamoured of the information and have not been led to believe that the cameras actually help in the detection of crime, although I think that every Member here today will have had representations from constituents claiming that the only way to stop crime in an area is to put up CCTV cameras. Some even say that we should put up the cameras but not bother to put in the film, because at least that would frighten criminals. I remember the Minister, shortly after he was appointed to his current post, coming to my constituency to deal with that very issue in Humberstone in Leicester, where all the residents gathered around him and said that they wanted cameras put up. Of course, not all crimes are solved by the presence of CCTV cameras. In fact, the use of those cameras in crime detection is quite low.

Finally, I would like to take the opportunity to thank the Minister and fellow Members for attending the debate, and members of the Committee for working extremely hard on the report. I inherited the report six months after it had started. It went on for 12 months and is the longest report that the Committee has undertaken for some time, but it was worth it. Our message for the Government is the importance of retaining the public's trust when dealing with personal information. The correct balance must be struck between protecting the public, which we all understand, and fighting crime on the one hand and protecting the liberties of the individual on the other. Our real message is this: we have a lot of information and technology, but enough is enough. Let us now pause and consider how best we can use what we have before moving on further and being in danger of creating a surveillance society.

2.55 pm

**Mr. Bruce George** (Walsall, South) (Lab): I very much welcome the report, although some of the things that my right hon. Friend the Member for Leicester, East (Keith Vaz) said will lead me to reread some of it. It is easy to talk about balance but difficult to know where that balancing point is—and it can change in a

*[Mr. Bruce George]*

day, depending on events. People's attitudes on what the limits of the state should be will change dramatically if security is breached and the surveillance created by the state or the private sector proves unequal to the threat and the action. People's views are not immutable, and they will demand more.

We are all here as democrats and all believe in human rights, transparency in Government, good governance, protection of society, individual liberties and freedom of the press. I start with the point, which not even every Member of the House would agree with, that, frankly, I trust the integrity of my colleagues in the major parties and their willingness to take into account all the factors that lead to key security decisions. I trust them to protect our interests against those within the bureaucracy who might wish—although I doubt it—to use that information inappropriately, and to ensure that a proper line is drawn whereby the citizen has access to the protection of the state to pursue their lives in as free a manner as is humanly, and in governmental terms, possible.

However, there are some nutters out there, and there are Governments composed of whole teams of nutters. Although I am absolutely certain that this is not the case in my constituency, there are those who, if they are not fantasists on the subject, are so dedicated to advocating human rights that they forget that one of the greatest human rights is the right of an individual to walk down to Tesco, or wherever, and come back in one piece.

Human rights can be preserved by actions that might not always fall within the aspirations of or documents produced by Liberty or the Home Affairs Committee. I do not want to be seen as hawkish—I certainly would not put myself in that category—or as demanding that the state do more and more until individual liberties are severely damaged or obliterated, but we must have a sense of reality in this country, and I think that our constituents often have a greater sense of reality than we do.

**Keith Vaz:** I have enormous admiration for my right. hon. Friend, leaving aside the question whether it is a human right to go to Tesco. The issue he has raised is about who draws the line: quis custodiet ipsos custodes—who will keep the keeper? Who will keep the keeper and know when the line has been crossed?

**Mr. George:** My right hon. Friend's Committee would help to keep the line, but there are others. Almost the first sentence of my speech was that I trust my parliamentary colleagues who will be or are in executive positions. They will not suddenly metamorphose into Genghis Khan—at least, most of them will not—on assuming office. I might be naive, but I have been around for a long time and I believe in their judgment, although I do not always agree with it, on the preservation of human rights and the desire to protect our citizens. I have no anxieties whatever.

**Tom Brake:** To pursue the Tesco issue, does the right hon. Gentleman agree that many people in the United Kingdom believe that the right to go to Tesco without being asked where one is going and why is also important?

**Mr. George:** Perhaps the hon. Gentleman's shopping aspirations are higher than Tesco, but the point is made. Anyone going into Tesco—I do not do so on a daily basis, I must add—is subject to surveillance, because the company has a duty of care to its customers as well as a legal liability: if somebody goes in armed with a machine gun and 50 shoppers are killed, it will have a devastating effect on sales.

The point is that going about one's normal business cannot proceed in a society under a degree of threat without some intrusion into what can be seen as the pure freedom to choose exactly what to do. There is conflict and we must recognise that. It does not take a genius to work it out that there is an enormous threat to our national security from those who wish to do us harm. Terrorists now have access to weapons that are far more devastating than those their fathers or grandfathers might have had 20 or 30 years ago. Whole shops, areas and towns could be obliterated.

We are also aware of the growth of crime whereby what might otherwise be perfectly legitimate models of behaviour and legitimate non-intrusive equipment can be turned against society as a whole. Money can disappear. Terrorists can pass information among themselves. People find it difficult to go out now or to fly because of perceived threats, whether real or imagined. Given all that, although we are not in a Hobbesian state of nature, few people can argue that we should have licence to do what we wish.

The report states clearly—this deserves to be repeated—that we are not living in a surveillance society by its use of a question mark after the words "surveillance society" in the title. I agree that we must be certain that the Government do not go too far in reducing liberties, but we must also be certain that they go far enough in protecting us, even if that involves further intrusion into our lives authorised by Ministers, judges and those who are there to impose limitations on the action of the Government or the intelligence services.

No Government will feel happy at being shown to have erred too far in the direction of liberty and too little in the direction of security and the defence of our human right to exist. Globalisation has made our position much more difficult. It requires the skills of the intelligence services, the Government, the police, the private sector and all those engaged in security and protection to ensure that they can do their job. However, the balance that must be struck is almost impossible to determine. It is constantly shifting.

Anyone with a sense of history can see how Governments have used the technology at their disposal, which has not been much, to intrude on people's lives for right or wrong. A totalitarian Government would not have been possible 75 years ago, because the technology did not exist to permit total control over a population, although Stalin perhaps went the farthest in the mid-1930s. Now, however, the technology exists for total control and there are Governments who not only wish to have total control over their own societies, but might be sufficiently expansionist to wish for total control over countries that have not the slightest desire to fall under their influence.

Finding the median position is difficult, and we rely on the Government to find it. Is it halfway between totalitarianism and licence? I have no idea, but hon. Members know the area in which I am trespassing. The

Government have shown their weaknesses in protecting our information and theirs, and there have been some spectacular lapses. I hope that the lessons are being learned from such information loss, which resulted from incompetence and lack of training—not just among those in the public service, but among those hired by it.

I want to focus not only on the role of the state in protecting society, but on the role of the private sector. I will not make a speech on the private security industry, although I could. The Minister is well versed in those issues, as he has been exposed to them endlessly over the past few years. I am sure that any hope he might have to move himself away from the Home Office has to do with that perpetual set of missives. However, he knows clearly that although co-operation between the public and private sectors would have been anathema 10 years ago, when the private sector was totally unregulated and often incompetent and untrustworthy, with the passage of legislation—imperfect though it is, and in need of strengthening and enlargement—it is as certain as is possible that those parts of the private sector subject to regulation are functioning effectively and can be relied on, if required, to work with the Government to assist in national disasters, to hunt criminals, to protect cash in transit vehicles and so on. That has come about. Private sector companies have a role to play, and it is important for the Minister and all the Government.

I should have said, by way of minor criticism of the Home Affairs Committee report, that its terms of reference confined it largely to the work of the Home Office. The Home Office has no monopoly on protecting society, so I hope that my right hon. Friend can persuade other departmental Committees to do a little inquiry, or a big inquiry, on what is happening within their remit, because the full picture can be important.

The security industry has potential for mischief, which is why properly administered regulation is important. It is no longer Fred the night watchman who is involved; the people who work in the industry are professionals. They are not just ex-policemen; they are people who have grown up in security and have expertise of the highest order. There is scarcely a function undertaken by the police that could not be or is not undertaken, pretty effectively, by the private sector somewhere in the world.

It is important that legislation be strengthened, but in several areas where it operates I am reasonably happy. For public space surveillance, or CCTV, a licence is required. There are two types of licence, and at £245 for three years they are good value for money. There are front-line and non-front-line licences. The issue is important.

However, the failures of the system—even the current one—are obvious. CCTV is meant to be almost the interface between the state and society, although I am not sure that I have 300 cameras following me around my constituency. Some of our colleagues would require only one, which could be turned off for much of the time, so my right hon. Friend the Member for Leicester, East must be very busy trawling the streets of Leicester and London if he is being picked up by 300 cameras—I hope that all the footage is not being viewed. However, he has made a valid point.

Most people are quite happy to be monitored. I am not particularly photogenic, but I do not mind walking through a barrage of 300 cameras, because I know that I am safer as a result of that mass coverage.

**Keith Vaz:** Is my right hon. Friend saying that there should be more cameras?

**Mr. George:** There should be more effective cameras, which has been clearly demonstrated in my right hon. Friend's report and in every other report. As we all know, a camera eventually played a big part in identifying the killers of Jamie Bulger. Everyone who watches "Crimewatch" knows how many cases have been solved because of good cameras.

However, too many of the cameras around are imperfect and they will now be swept aside by new technology. If we are to rely more and more on CCTV—it is not an alternative to policing, but a remarkable supplement—the cameras have to be adequate. When we watch footage on television programmes, we can barely see a person's outline, let alone who they are. The cameras therefore have to be up to standard, and the persons who operate them must work for only a certain number of hours and be properly trained, remunerated and supervised. There is a whole series of factors. One suspects that there have been improvements, but it is up to the Minister and his colleagues to ensure that standards are adhered to, because I am not certain that they have been in every case.

In those circumstances, I do not mind if we require more cameras and more good cameras. If we are caught by a camera on the M6, as some people have been, we get mad as hell, but that is probably because we have been speeding, which is against the law. We do not like it when it happens to us, and some people may not like exposure to cameras, but I would have thought that law-abiding people had no anxieties about their images and the images of those who might seek to do damage to them being recorded.

I went to an airport in northern Europe, which had incredible equipment, but there was just one person monitoring 35 cameras. When he went out—I nearly said when we went out—to answer the call of nature, nobody was monitoring the cameras in that major airport. It is therefore critical that there be enough of a relationship between the personnel and the number of cameras.

**Mrs. Laing:** On the right hon. Gentleman's penultimate point about the attitude of law-abiding citizens, does he agree that citizens who are going about their business and not breaking the law in any way might nevertheless fear for their privacy, because they do not intend their whereabouts at any particular point to be a matter for public record? In saying that, I do not disagree with him. CCTV cameras serve an important purpose, but citizens' concerns about their privacy may relate to more than just whether they are being law-abiding.

**Mr. George:** I understand the arguments. I would not say that I discount them, but I do not share them. If people go out into a town centre, they need to feel secure, which is more likely if there are more policemen on duty, although whether that has an effect is a point for discussion. However, if there are no policemen, the police will have access to effective cameras.

A few months ago, I had a situation in my constituency, which I have not yet resolved. Two security guards left their post in the establishment where they worked because they were told that a guy was running around with

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knives. These two security guys—I bet that they were not on much more than the minimum wage—took on this guy unarmed and brought him to the ground, but one of them was stabbed. I want to propose an award for them and I am asking the police whether they will allow me access to the CCTV footage, because there was a camera there. Perhaps that will be prohibited because the incident was none of my direct business, but I suspect that the footage still exists.

What happens if people throw away their CCTV film after a week because they cannot afford the storage, but the police detect a case three months later, thinking that they are on the ball? Perhaps new technology will address that problem. However, my views and those of the hon. Lady are not totally opposed—I am on one side of the line, and she is on the other.

**Tom Brake:** Still on the subject of CCTV, does the right hon. Gentleman acknowledge that paragraph 27 on page 103 of our report highlights the need for the Government to do further research to establish whether its intended effect of preventing crime is being achieved? As taxpayers, we and our constituents want to know that the money being spent on CCTV rather than on more police is being invested effectively.

**Mr. George:** Absolutely. I applaud the large section of the Committee's report that deals with CCTV, because I had reached the same conclusions some time previously—I take a big interest in private security. However, I hope that any inquiry would look not just at the effectiveness of police-owned or municipally-owned CCTV, but at the importance and effectiveness of CCTV in the private sector, because the private sector will be far and away the largest purchaser and operator of CCTV.

CCTV is not a panacea and it has to be seen in conjunction with other forms of protection. Frankly, anyone who relies completely on cameras is barking, but I dissent from the idea that my freedom will somehow be impinged on because I am on television so frequently. Avoiding television is not something for which Members of Parliament are renowned, and my right hon. Friend the Member for Leicester, East got on television 300 times—he is not here now, so he is perhaps perambulating around Westminster, which means that he will be on at least 20 cameras.

My last point is that the Security Industry Authority has not got around to including important sectors such as private investigators—it is still agonising. We have the Private Security Industry Act 2001, but it is now 2009, and the SIA and the Government have not got around to regulating investigators. The security commissioner has a pretty strong view on private investigators. A minority of them are almost the lowest form of pond life, and they should be struck off and removed from their so-called profession.

I have no financial interest whatever in the security industry, but I have monitored it. It is wrong to think that we can expunge the private security profession from our consciousness or nobble it with restrictions. A view is gradually emerging—the Minister will obviously take an interest in this—that we should see what can be done about private investigation. These people are not all Eddie Gumshoes; some are operating at the top end of the market. They are hired by the police and big business to do inquiries that the police cannot or will not do, or which they do not have the expertise to do.

My plea to the Minister is that when regulation is proposed it should be imposed sensibly, because if it is not that could be seriously damaging to society.

**The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker):** I do not want to mislead my right hon. Friend, but we are considering the question of regulation of a range of categories of the private security industry in its broadest sense, including those he has mentioned such as private investigators. Bailiffs are another category, and wheel clampers another. All such categories are being considered by the Home Office, to see whether we can take matters forward. I hope that that reassures him a little.

**Mr. George:** I would prefer my hon. Friend to deal with wheel clampers first, from a constituency standpoint, but nationally, I would want investigations dealt with fairly swiftly and effectively.

**Keith Vaz:** I reassure my right hon. Friend that we are undertaking at this very moment an inquiry on wheel-clamping. We will have a report out in the next month.

**Mr. George:** I am delighted and wish I had realised, as I would have offered to give evidence. I gave evidence to the Committee prior to my right hon. Friend's chairmanship, when it took an interest, rather belatedly, in the question of regulating private security. The report was of fundamental importance in bringing the Government to the table to deal with the security industry.

When I was writing my book on private security, I agonised about how to define private investigators. I got down to about 29 branches of private investigation and then gave up, thinking I had provided enough evidence of its diversity. However, the Minister knows that the sector encompasses the top and bottom ends of the market. I speak not as a consultant, but as someone who just takes an interest. It is vital that what is bad in the sector be prevented. What can happen is that when the legitimate industry is prevented from doing something, it subcontracts to the bottom end of the market, which is only too pleased to investigate and to be unlicensed. That is the most sensitive and complicated of all the relevant areas.

I am sorry that I have gone on too long. I generally agree with the report and congratulate the Committee, and I have read the Government's response and that of the Information Commissioner. The report takes the argument forward, and is sensible and sane, although I think that the Chairman will agree that there will be variation in where on the line the Government or Back-Bench MPs settle.

We have core support for the principles enshrined in the document. I have said clearly and honestly—some will disagree with me profoundly—that there is a limit to what I would be prepared to accept from Government by way of surveillance, but I am aware, as we all must be, of the dangerous world in which we live. Therefore, hoping to go back to some romantic period in the '60s or the 1920s—hardly romantic—is fantasy.

We must be cognisant of the fact that the crooks are smarter than the cops in many countries and that unless our society can combat the multiplicity of threats and risks to which our nation is exposed, civil liberties will

diminish. We must recognise that a balance must be struck, wherever it is. I do not think that we have yet found that place.

3.24 pm

**Tom Brake** (Carshalton and Wallington) (LD): It has been a pleasure to serve on the Select Committee, particularly on the inquiry on a surveillance society. It is a very topical inquiry, and the work has been very detailed, with evidence taken from many different sources. I want briefly to set out some of the ways in which we are currently being watched or catalogued, or in which our personal data are being captured. I do not suggest that all the things I am about to mention are things to be concerned about—some of them are not—but some of them may be.

We have already heard about the 4 million or more CCTV cameras—one for every 14 people, apparently—and that people make 300 CCTV appearances a day in London. There are registration plate recognition cameras and mobile phone triangulation, which allows firms—or the police, when necessary—to work out where people are. Store loyalty cards are of huge value politically, in that we all rely on the data that they provide to fill our canvassing gaps. I imagine that all political parties use data from loyalty cards to help us to identify our supporters. In addition, there are credit card transactions, the London Oyster card, the electoral roll, NHS patient records, personal video recorders, phone tapping, hidden cameras, worker call monitoring, mobile phone cameras and internet cookies. I could go on and on. The list is getting longer almost daily.

The Government are clearly not directly responsible for all those examples of either a growing surveillance society or a society that is very much data-driven. However, they must take responsibility for curtailing the intrusion into our privacy that, increasingly, is being made from public sector and, potentially, private sector projects. We know that the Select Committee report and the Information Commissioner support the view that the Government should move to curb the drive to collect more personal information and establish larger databases.

Perhaps I should respond now to the point that the Minister made in a Delegated Legislation Committee a couple of days ago, when he expressed surprise that a Liberal Democrat supports the concept of databases. I should perhaps have declared an interest; having worked in the computer industry for 13 years before I was elected, I am not unfamiliar with databases. I was responsible for constructing many a large database. It is not the database that is the issue, but access to the data and the security of and controls over that data.

**Mr. Coaker:** I accept to an extent the hon. Gentleman's point that it is not just the retention of data that matters, but access to them. If he reads *Hansard*, he will see that I was making the point that although he was going to vote against the EU data retention directive, he asked me whether that directive included such things as Facebook, MySpace and Bebo, and when I said that it did not, he expressed surprise. In turn, I expressed surprise that he was going to vote against the directive but was almost criticising me for not including such things, which would have resulted in a much bigger database.

**Tom Brake:** I suspect Sir John, that you would not allow us to go too far down the route of repeating the debate of a couple of days ago. However, the issue was the same then as today—control. If Facebook or Bebo are being used as, I suggest, there is evidence to show they are being used, there may be a case for retaining the data. However, it is a question of the controls that are imposed, who has access, and retention. They are the issues that need to be dealt with.

Hon. Members will be familiar with the human rights group Privacy International, which in 2006 produced a report that stated that Britain is the worst western democracy at protecting individual privacy. The two worst countries out of the total in the 36-nation survey were Malaysia and China, but Britain was in the bottom five, with, according to Privacy International, "endemic surveillance". It listed several areas of concern, including "World leading surveillance schemes" and

> "Lack of accountability and data breach disclosure law".

The list specified that the commissioner has relatively few powers, and mentioned data retention, which we have talked about, as having made great steps forward without the required controls necessarily being in place. It also mentioned the identity card scheme with biometric data and—the subject of much debate a couple of days ago—the use by local authorities and other organisations of the Regulation of Investigatory Powers Act 2000, in a way that was, I believe, never intended, to track people just to identify whether they live where they claim to in relation to securing school places.

Privacy International clearly has strong reservations, as does the Select Committee, about the way in which the Government are dealing with those data, privacy and surveillance issues. When the Select Committee published its report, the then Home Office Minister, now the Minister for Employment and Welfare Reform, the right hon. Member for Harrow, East (Mr. McNulty), stated that the Government were listening and were tackling or reviewing the issues that the report raised. He said that they were taking those matters very seriously. I hope that in the time that the Government have had to consider the report, they have acted on some of the things that they said they would do.

On storing, sharing and securing data, the Select Committee report stated:

> "The Home Office should work with the Information Commissioner to raise public awareness of how the Home Office collects, stores, shares and uses personal information."

We know from the Government's response that they have taken some action. To see what action they have taken, people should go to the published information charter, for which a website address is given in their response. I hope that the Minister will tell us that a little more action than that has been taken, because I imagine that my constituents who have just received letters about ContactPoint would not necessarily know that they should go to that website to find out how their data will be handled. I suspect that, with the exception of me, probably nobody in my constituency knows that they should look at that website to see how the Government are dealing with that issue and raising public awareness of how data are handled. I hope that the Minister will reel off a substantial list of further actions that have been taken since that issue was raised.

*[Tom Brake]*

The Select Committee report also said:

"The Home Office should publish a report on an audit of the data collections managed by the Department and its agencies, outlining as far as possible without compromising security the technological and procedural safeguards currently in place."

We know from the Government's response that they are addressing that issue, or at least that the Home Office has noted the Committee's recommendation. The Government's response goes on to say that work is under way, which will take some time to be completed, and that

"then consideration will be given to which elements it would be possible to publish."

I want the Minister to tell us how much progress has been made on that and whether anything is in the public domain already. If the Government are considering different types of data collection, how many of those audits have been completed, how many are under way, and when will a full list of them be published so that people can consider them?

The Select Committee has previously inquired into identity cards, which I cannot fail to mention, because that scheme is the greatest example of curtailment of our freedoms. The right hon. Member for Walsall, South (Mr. George) might disagree with me on this issue, but I have concerns about the Tesco trip that he was talking about. Clearly, it must be a priority to ensure that our citizens our safe—that is a given—but many people are concerned that they should be allowed to make that trip to Tesco without being required to produce an identity card. It is no business of anyone else's what they do when they go about their daily business, if all they are doing is going to Tesco to buy a pint of milk. They should be allowed to do that without someone stopping them in the street, particularly if they are from a black or minority ethnic community, because they are much more likely to be stopped if the controls are very tight.

Such a system would significantly curtail our rights, and it would carry all the associated risks that come with Government IT projects, such as overrunning and the significant risk of data breaches. Also, it would be an ongoing consideration for every citizen that they must provide information to ensure that the register, and therefore their identity card, does not go out of date, leaving them subject to challenge when they enter or leave the country. My experience of France in the 1970s was that the police did not stop people like me when they did their controls in the underground system. Instead, they stopped Algerians, Tunisians and others whom they could clearly identify as being of a different colour. That is a real risk.

We had much discussion about the Regulation of Investigatory Powers Act 2000 a few days ago, which I do not want to go over again. However, the Select Committee raised that issue in its report, highlighting concerns that we need to raise public awareness of how and why communications data might be collected and used. We need much tighter controls on how those data are accessed, how the matter is governed by RIPA, and how various bodies may access data under the guise of RIPA.

**Keith Vaz:** Even accepting that some of the data losses of the past year or so were mistakes for which nobody was culpable, does the hon. Gentleman share my concern that, despite that spate of losses, we have not had a firm set of rules from the Government covering how data should be controlled and managed? We need rules on the level of seniority of civil servants who can access such data and on how those data may be sent from one organisation to another. Government Departments still seem to see those losses in isolation, with one Department blaming another for what happened. Our Committee was very concerned that there should be one, firm set of rules for the whole of Government.

**Tom Brake:** I agree entirely, and I thank the right hon. Gentleman for that intervention. We need to have clear safeguards and safety measures in place, but we do not have them. We do, however, have further extensions to databases, such as e-Borders, being rolled out. That is a genuine concern.

DNA retention has been mentioned. We have the largest DNA database in the world—it is far larger than the US's. There are 1 million people on the database for whom there is no record on the police national computer, and 1 million who were children when they were added. It should be a source of concern that 140,000 people will have their DNA stored for life despite never having been charged with, let alone convicted of, any crime. As the right hon. Member for Leicester, East (Keith Vaz) has said, the Government have only two choices: either no one who is innocent is on the database, or there should be a system like the Polish system of giving all citizens a unique identifier, in which the Government capture DNA from everyone, at birth, so that we are all in the same boat. Having a substantial number of innocent people on the DNA database for an indeterminate length of time is unacceptable. The Government have to address that, and they have to choose where they stand.

**Mr. Cosker:** Will the hon. Gentleman clarify that point please? I usually understand what he means, but I am not quite sure what he just said. I understand his point that one can argue for a universal database, but I am not clear on his alternative. Is he saying that people should be on the DNA database only if they have been convicted, or if they have been charged? I know his position with respect to arrest, but I am not sure whether he means that they should be on the database when they have been charged or convicted.

**Tom Brake:** I thank the Minister for giving me the opportunity to clarify my position. This picks up the point that the right hon. Member for Leicester, East made about someone whose DNA has been retained on the database in spite of their many requests for its removal and the fact that they are innocent of any crime. I am not saying that people should not go on there, but there should be a clear process to ensure that the DNA of innocent people is removed from the database within a defined period.

**Mr. Cosker:** May I press the hon. Gentleman on this point? Is he saying that the DNA should go on following arrest, charge or conviction? Actually, I know that he accepts it should go on after conviction, but I do not understand his position regarding arrest and charge. What is he saying?

**Tom Brake:** I am saying that there needs to be a point at which DNA is removed from the database. That is the critical issue. I shall caveat this point slightly by saying

that there may be people who have committed serious violent or sexual crimes whom we might want to keep on the database for a period of time, if they are charged but not found guilty. They would be the one exception. Ultimately, we must have clarity from the Government—and possibly from me as well—on what happens to someone's DNA when they are clearly not involved with a crime. In the example of the one-year-old baby, there is clearly no justification for keeping their DNA on the database—unless the baby was being investigated for the theft of a rusk.

**Keith Vaz:** There is nothing wrong with DNA going on the database on arrest, because at that point we do not know whether somebody is going to be subsequently convicted. The point is, if somebody is innocent and is not convicted of a criminal offence, there ought to be a robust process whereby people can write in, get an answer so they know why DNA is being retained, and be told yes or no. If the answer is, "Yes, we're going to keep it on the database," the reason why should be given. The issue is that the process does not exist.

**Tom Brake:** I thank the right hon. Gentleman for providing the clarity that I was perhaps not providing myself. Clearly, in relation to the example of the baby, I am sure that all hon. Members agree that the DNA should be removed.

Other hon. Members have talked at length about CCTV, and we need to acknowledge that there might need to be a better level of control or regulation. However, there also needs to be an assessment of whether CCTV is as effective as people assume, because the evidence is uncertain and, during the Committee inquiry, some of our witnesses made it clear that they were also struggling to find the necessary evidence to demonstrate that it is as effective as hon. Members—possibly myself included—think that it is.

**Mr. Bruce George:** I am not responding out of reciprocation. I would like the hon. Gentleman to return to a point he made earlier—he was too quick for me. I am not trying to dramatise the matter, but perhaps somebody should calculate how many people who have committed a murder or a serious crime can bank in the security of the knowledge that there will be no DNA evidence to convict them because it might have been destroyed. I am not trying to accuse the hon. Gentleman of anything; I am sure that he knows I am seeking to make a genuine point. When do we put individual liberty above justice and people's survival?

The second issue is whether there is a median point between everybody or nobody having their DNA recorded. There could well be a large number of people who would voluntarily submit themselves for inclusion, and if there were a media campaign for people to do that, it would put enormous pressure on others. The hon. Gentleman suggested that there was a stark choice between one side of the argument or the other, but I feel that there are some shades of difference between those points of view.

**Tom Brake:** I thank the right hon. Gentleman for that intervention. He is right to highlight that the issue is perhaps not totally black and white and that there is some grey in between. He is right to ask how many people might have been saved if the relevant DNA had been retained on the database, but one could also ask how many more people would have been saved if the money had been spent on other measures.

The right hon. Gentleman has reminded me of an interesting and sad case in my constituency where a mother's daughter was murdered and the police requested local men to come forward and give their DNA—I am pleased to say that many local men did so. Again, once those men were eliminated from the police inquiries, they should have had the right to have their DNA removed, if that is what they chose to do. However, if people voluntarily choose to leave their DNA on the database, I am not going to argue against allowing it to remain there.

I shall now mention the child database, ContactPoint, to which I referred earlier. At home, we have just received the letter informing us that, through that system, information will be kept on computer. We clearly called for that system to be scrapped. Perhaps the Minister will accuse me of being against a massive database in relation to that issue, but I am not against massive databases when it comes to child benefits, tax credits or housing benefit, because that is how they work. However, ContactPoint is a massive database that is likely to present a risk, which I think the Government have acknowledged. As with any other database, there can be no guarantees that security is watertight and that at no point in the future will people whom we do not want to access the database be able to do so in a way that could put children at risk.

I shall finish by mentioning some new concerns—I would not say that they were threats necessarily. In the past couple of weeks, Google has launched a couple of services, one of which is Google Latitude. The service is enabled through people's phones and allows their friends to track where they are on a Google map. I have no problem with a voluntary arrangement whereby people choose to let their friends know where they are. However, there seems to be the potential for people to use the technology in such a way that the owner of the phone does not necessarily know that the service has been enabled. We tested the technology on my phone and, after a certain number of days, a text message is sent to the phone to tell people that the service has been enabled. However, I do not know whether that happens for every device of that kind.

In the past couple of days, Google has launched another application called Street View, through which people can look at different streets in different cities around the country. The technology is moving so fast that my concern is whether the Government, the Information Commissioner and everyone else who needs to be involved can get ahead of the technological curve, or whether they will always be trying to catch up with technology that is continually pushing at the barriers and putting such images into the public domain. Interestingly, the police were asked about Street View, and they said that it was useful, because it would help to cut crime. I am not sure whether that suggests that there will be a working relationship between the police and Google Street View to ensure that those images are shared. If so, I would be interested to know what the data protection issues are and what dialogue took place before that application was made live—it is now live. Will the Minister say precisely what is happening in

*[Tom Brake]*

terms of all those technological developments and what the discussion process is before applications that potentially threaten our privacy are released by commercial companies?

I am afraid that I have lost track of how much time I have left—okay, I have seen how long I have been speaking, and it is probably time for me to finish. The last thing that I want to mention is e-Borders. An alarming article in *The Daily Telegraph*, to which I hope the Minister will respond, stated:

"By the end of the year 60 per cent. of journeys made out of Britain will be affected with 95 per cent. of people leaving the country being subject to the plans"—

the e-Borders programme—

"by...2010."

The Minister will know that we support the e-Borders programme in relation to exit controls, because we need to know who is leaving the country so that we can ensure that, for example, the UK Border Agency knows when asylum seekers have left the country and does not continue to investigate the cases. However, the extent of the details that will be held on the system is concerning—travel plans, addresses, credit card details. In addition, notification is required 24 hours in advance and there is the potential to be fined if that information is not supplied. I hope that the Minister will say that the scale of what is being suggested is not what the Government are truly planning.

I had better finish, Sir John. I just want to say that Liberal Democrats have real concerns about the surveillance society and the privacy issues that the report has highlighted. We have issued our freedom Bill, which sets out how we would respond to things such as ID cards, RIPA, DNA retention and the children's database. We are at risk of sleepwalking into a surveillance society, and the Minister needs to wake up before the threat becomes reality.

3.50 pm

**James Brokenshire** (Hornchurch) (Con): I wish to continue the theme that the hon. Member for Carshalton and Wallington (Tom Brake) ended on. The phrase "sleepwalking into a surveillance society" is precisely the one that the Information Commissioner, Richard Thomas, used. He subsequently questioned whether we had actually woken up in one. Perhaps those questions were in the minds of members of the Home Affairs Committee, on which the hon. Gentleman and the right hon. Member for Leicester, East (Keith Vaz) sit. The questions about the kind of society that we live in and whether it is a surveillance society predated the right hon. Gentleman's chairmanship of the Committee.

This debate is important. I welcome the publication of the Select Committee's report and this opportunity to discuss issues that are fundamental to the Government, the citizen and society: what kind of country we want to live in, and how we achieve a balance.

The right hon. Member for Walsall, South (Mr. George) said that he was wrestling with the issues. He would rely on a benevolent state to get the answers right, but I would not want simply to rely on the benevolence of any one individual, party or Government. It is important to get the regulatory and legal framework right. There must be checks and balances through the judiciary and the courts to ensure that fundamental safeguards exist so that, at a time of crisis, arguments cannot be deployed that are later difficult to unwind. Otherwise, fundamental principles and beliefs, and the characteristics that define our country, could be eroded. Once lost, they would be difficult to reassert and re-establish. That is why the report and the issues that it touches on are essential, and why it is important that we engage in this debate this afternoon.

There is little doubt in my mind or, I am sure, in the minds of many other hon. Members, that technological advancements in electronic communications and information technology, and other scientific advancement in areas such as DNA, can offer huge benefits to society. This is not simply some argument pitting the technophobes against the technophiles, or the technology luddites against the technology sophisticates. These are difficult issues that we must address. We must weigh up the overall benefits against the impact that the growth, speed and pace of change may have on all of us.

One of the fundamental reasons why this debate is important is that people have not had much chance to stop and think about the changes—they have simply happened. Yes, they have been incremental, but the pace of change has been fast and steady. No one has been taking stock, examining or thinking whether we are going where we want to go. It is almost as if we are on a journey from A to Z. We are now at Q and asking whether Z was where we started off wanting to go. Was it the intended end point?

That is why, in the context of all the different facets and issues, it is right and proper that this House, the Government and the Opposition examine the issues carefully. Some of the decisions and choices that we make now will set out a road map that it will be difficult to depart from in the future.

**Keith Vaz:** I congratulate the hon. Gentleman on the eloquent way in which he began his speech. At some stage, there obviously will be a general election, and if—I use the word "if"—the hon. Gentleman's party were successful, he would be the policing Minister and responsible for these issues. Is he giving the House an assurance that, should the Conservatives get into government, there would be no further extension of data collection until there had been a suitable pause to consider whether the data that we have at present are sufficient?

**James Brokenshire:** I hope that the right hon. Gentleman will see from my comments, the policies that will be announced and the other statements that will be made in the coming weeks and months that my party takes these matters extremely seriously. We recognise the fundamental challenges that I have alluded to and the need to set out clearly our thoughts, positions and approaches. It would be difficult and churlish of me to say yes or no in the broader sense, because we need to examine and analyse each of the different facets and issues extraordinarily carefully. There are competing arguments about each of them. Therefore, I do not think that simply taking a blanket approach, as the right hon. Gentleman suggests, would be responsible or appropriate. I hope that my comments will allow him to see some of the direction of travel, approaches and thoughts that my party has on some of these essential issues.

**Tom Brake:** The hon. Gentleman spoke about a breathing space in which we can discuss the issues. However, does he share my concern that technology is moving so fast that we can allow ourselves only a very short breathing space before some new technology comes along?

**James Brokenshire:** The hon. Gentleman made an interesting point about some of the techniques that are being established. People suddenly wake up one morning to find that their house can be searched for on something like Street View, which they did not even know about. Equally, they do not know that there is a facility to have their house removed from such searches. From my discussions with Google, which has been very clear about this, that kind of picture can be removed if someone is concerned about privacy issues.

The issue extends further than that: for example, to social networking sites. Our debate about the surveillance society is dominated by discussion about the Government. However, we must look at what is happening in not only the commercial sector but in people's interaction with each other. What are the social mores and norms? Is it right and proper to post a video on YouTube of someone one has never met and does not know? What are the take-down procedures, and who makes such decisions? Those are delicate and difficult challenges that this House must address quickly.

I do not intend this afternoon to set out a manifesto on specifically how those issues should be dealt with, because they require careful consideration, as does defining what we are trying to do.

**Sir John Butterfill (in the Chair):** Order. I would be grateful if the hon. Gentleman did not proceed down that line, because it is not within the terms of reference of this debate. Nor are future policy statements from any of the political parties represented here part of this debate. We are debating the Select Committee report.

**James Brokenshire:** Thank you, Sir John, for ensuring that we stay in order. I apologise for being led down that road by other hon. Members.

**Tom Brake:** Unintentionally.

**James Brokenshire:** Unintentionally, I am sure, but our discussion of this report on the surveillance society has highlighted that surveillance can extend in many different directions. At this stage, we may not have fully accepted, acknowledged or followed through on some of those. I hope that you will accept, Sir John, that the argument, although it strayed a bit far, gave the sense that this is a broad debate and that this afternoon we may be looking at only one part of it.

Information sharing can be hugely beneficial to people. When debating issues around privacy and surveillance, it is important to discuss the benefits that information sharing and data retention can have, as well as the ways in which they can prove to be intrusive. I am sure that the Minister will rightly use the example of the Soham murder inquiry, in which major deficiencies were found in how the police shared information. Several improvements were made to the way in which our law enforcement bodies share information and communicate with each other as a consequence of, we hope, some of the lessons that were learned. However, the question is whether there is then a drift—a further extension that may not achieve the appropriate end results or focus on the purpose for which the initiatives were established. Their extent, scope and purpose characterise the debate, and we very much welcome the opportunity to debate them this afternoon.

The challenge is due to the fact that the pace of change in technology has not been mirrored by the pace of change in public attitudes and debate or, indeed, in the legislative and regulatory framework to govern this highly sensitive area of life. There has been incremental change, but the import and significance of such steady change has been recognised or understood only comparatively recently. There has not been a chance to question whether we want or need such a society.

The debate should not simply be framed in terms of the activities of the Government. It is not only the state that can be over-zealous in its surveillance or data-retention activities; private companies that capture data or information about customers for marketing or other purposes, for example, can overreach themselves or cause significant harm if such information is not secured safely or disposed of effectively. In that context, it is important to recognise the work of the Information Commissioner, Richard Thomas. There is little doubt about his contribution to advancing what is an essential debate, or about his continued work in clamping down on issues about information security and an individual's right to privacy, and in allowing the debate to take place and to further the issues.

The question is about how the Government respond to the debate, and about the wider context of government: the way in which they deliver services in the digital age, and store, retain and share information on all of us. The Committee rightly fastened on to the crux of the argument when it said that

> "the Government should adopt a principle of data minimisation. It should collect only what is essential, to be stored only for as long as is necessary."

Notwithstanding the Government's statement on openness and their proposals to create an "ask only for what we need" charter for Departments, the current orthodoxy is, I am sorry to say, based on the concept of "need to know": the Government need to know everything and retain as much information as they possibly can for the more effective provision of welfare, health, education, security and all the other facets of public sector activity; and the state needs to have the ownership rights over that information to do with it what it judges appropriate.

That mindset underpins the national identity card, the interception modernisation programme, the NHS records database and the controversial proposals, debated in Parliament this week, to permit Departments to share such information that they hold with whomever they think fit. I welcome the fact that the Justice Secretary has determined to shy away from those proposals, but that very orthodoxy contains huge dangers and needs, as the Committee's report rightly highlights, challenging and rethinking in the strongest terms—not just on civil liberties grounds, which are important enough in themselves, but on the ground that the orthodoxy puts us all at greater risk.

The creation of ever bigger stand-alone databases, with their concentration of comprehensive personal data in one place, actively establishes a system that is valuable, vulnerable and attractive to attack. That risk

*[James Brokenshire]*

is magnified if data sharing is adopted haphazardly and without consideration of the potential weakest link in the data-sharing chain. The more data that are collected and stored in one place, the bigger the challenges in keeping them safe. We have already seen the risks, as other hon. Members have noted this afternoon. In the past year, information on 30 million people has been lost, and public officials are being sacked or disciplined for data protection or data security breaches at the rate of one every working day.

That is why the Conservative party said that it would create an offence of reckless handling of personal data by the Government, potentially making it an offence for a Crown servant or Government contractor to lose personal data under their control. Unless we rethink and re-engineer the centralised model, we will create huge problems for ourselves in the years ahead. What happens when the information is no longer useful or appropriate? Will the systems that are intended for the information be resilient in 10, 20 or 30 years' time? How do we safely dispose of sensitive information once we have it?

I was rather amused by a recent article in the consumer magazine *Which?* on the best way to ensure that sensitive information on one's computer is safely deleted. Apparently, its advice is that the only foolproof, guaranteed way to ensure that one's personal data cannot be accessed by anyone else when disposing of one's PC is to get a large hammer and bash one's hard drive until it has been smashed into little bits. It is a cautionary parable. Are we really thinking far enough ahead about the implications of our decisions about our data systems? Clearly, there will not be a big enough hammer to take to some systems that we are creating. I am concerned about whether the Government—not necessarily just the Home Office—are thinking the matter through. I liken the current approach to the digital equivalent of digging a bigger and bigger hole and filling it with potentially toxic material without proper consideration of long-term containment, the significant damage caused by leaks and how long the material will need to sit there before it becomes benign. What seems like an asset risks turning into a big long-term liability, and the problem will not be confined to the public sector. The structural solution to the challenge of rethinking the architecture of our IT systems will not be found by the arms of the state or by the private sector acting in isolation.

We also need to think more carefully about the purpose, scope and extent of data sharing. Let me be clear: I am not opposed to data sharing in principle; indeed, I believe that data sharing can be essential for providing greater public protection. However, it must be specific, not general, and its purpose must be clearly defined, with data security and data protection at the forefront. That is why I welcome the Government's retreat this week from seeking blanket data-sharing powers based on ministerial edict. I hope that they will similarly retreat from policies on the retention of DNA data by ministerial order, because that is equally unacceptable.

The Government have been expanding the DNA database that records the DNA of anyone arrested in England and Wales, regardless of whether they are acquitted or found guilty. The data are recorded indefinitely, and they will be removed only in exceptional circumstances. Indeed, hon. Members will know that only a small number of people have managed to have their data removed from the DNA database by demonstrating exceptional circumstances to chief constables. We agree that the use of DNA samples can be an important evidential tool in prosecuting and bringing crimes to justice. We are all aware of circumstances in which DNA data have formed an important part of the case to prove guilt or, indeed, innocence, thus ensuring that serious criminals have been put behind bars, where they belong.

The fight against crime, particularly organised crime and terrorism, depends on the use of modern scientific techniques of investigation and identification. However, the status of DNA needs to be considered carefully, because, as the European Court of Human Rights has noted:

> "The retention of cellular samples is particularly intrusive given the wealth of genetic and health information contained therein."

The use of that technology must strike the right balance between the promotion of public interest and public safety and the protection of important private-life interests.

The UK's DNA database is proportionately the largest in the world, accounting for about 7 per cent. of the UK population. The Government argue that this country can claim a pioneering role in the utilisation of DNA technology, but, in doing so, they bear a special responsibility to ensure that they strike the right balance regarding what is permissible, given the potential interference in private life. That is why last December's European Court of Human Rights judgment regarding S. and Marper was so fundamental. The Court was scathing in its criticism of the current approach of indefinite retention regardless of guilt or innocence, and it dealt with the structure—the fundamental protections and reviews; it did not say that the issue could be dealt with case by case, as the Government's initial comments seemed to suggest.

What I am saying will not be unfamiliar to the Minister. We have debated these issues before. I am asking the Government to rethink responding to the Court judgment with an order-making power that does not require full parliamentary scrutiny. They said that they want an open debate on this subject. Let them rise to that challenge, rather than push this issue out of view with a vague promise to publish a forensics White Paper by the summer.

**Keith Vaz:** The hon. Gentleman is right that this is a fundamental issue that must be addressed. In the meantime, there must be a process for dealing with such cases. People should be able to write to a chief constable and receive a detailed response. The policing Minister is present. He or the Home Secretary could write to the 42 chief constables to remind them of their responsibilities. When people write in, they should write back with an explanation.

**James Brokenshire:** The right hon. Gentleman has made an important point. When my colleagues in the other place debated the counter-terrorism DNA database during the passage of the Counter-Terrorism Act 2008, they made exactly that point. They tabled an amendment to ensure that people could find out what information was held on them on such databases. It is important to

establish what information is there and to be clear about how to challenge that. There must be a process to ensure that arguments can be raised on the removal of such information if appropriate.

Today's debate is timely. The Government have informed the Committee of Ministers of their intention to consult and of their compliance to date with the judgment in respect of the relevant samples of S and Marper, as well as the payment of their costs and expenses. That information was considered by the Committee of Ministers today. Can the Minister say anything about the outcome of that meeting? Given this opportunity, will he update us on the Government's progress in removing the DNA of children under 10 from the DNA database, as was outlined in the Home Secretary's statement before Christmas?

**Mr. Coaker:** I was going to cover that matter in my closing remarks, but I will clear it up now. I have been told that all DNA of under-10s has been removed from the database. That also answers the point made by my right hon. Friend the Member for Walsall, South (Mr. George).

**James Brokenshire:** I am grateful for the Minister's response. It is helpful to know that. As he will appreciate, the sensitive issue of the over-representation of children and people from minority ethnic communities has been highlighted. This matter needs to be properly debated in Parliament and appropriate safeguards must be put in place. That opportunity will not be forthcoming if the matter is dealt with by statutory instrument.

Two other Government reviews and consultations on these matters are up in the air. There is a consultation on the interception modernisation programme, which is the Government's plan to store all our e-mail communications on a new central database. Some have described it as the Big Brother database.

There is also a consultation on the use of the Regulation of Investigatory Powers Act 2000. That Act was originally introduced on national security grounds, but we believe that its powers now have an abusively wide scope. The reasons for accessing and using our data have been extended to include the prevention and detection of crime or disorder, economic well-being, the protection of public health and tax collection. RIPA gives all 474 local councils in England, every NHS trust and fire service, 139 prisons, the Environment Agency and even Royal Mail the authority to access and use communications data. It is not confined to services working to protect national security. That has led to RIPA powers being used in investigations into a wide range of matters that most people would consider to be utterly inappropriate, such as whether pot plants have been sold unlawfully, dog fouling and issues of refuse collection. Even the Home Secretary has described her concerns over the use of RIPA by what she called the "dustbin Stasi".

Earlier this week, the Minister could not give any clarity on the timetables for the consultations on RIPA or the interception modernisation programme. Can he do so now to avoid the impression that they are simply being kicked into the long grass? Will he confirm that the consultation on RIPA will happen, given the comments in the annexe to the information memorandum on the statutory instrument implementing the second part of the EU data retention directive, which suggested that there was no planned change in policy? We have discussed that previously. If the outcome of the review is unfavourable, will there be policy changes or has the Home Office already set its face against any changes in RIPA and the way in which it applies? I think that the Minister is gesticulating for me to give way.

**Mr. Coaker:** May I apologise? I was not gesticulating rudely. I thank the hon. Gentleman for giving way again. I sometimes forget to answer one or two questions in my closing remarks. It is not that I do not mean to answer them.

The hon. Gentleman's patience will not be tried for too much longer because the RIPA review will be out shortly. Notwithstanding the comments he rightly made during the debate on the statutory instrument to implement the EU data retention directive and those he has made today, the Government are open to consultation and to changes in how RIPA is used. Obviously, any changes will be made as a consequence of the consultation. We plan to have an open, fair and honest consultation.

**James Brokenshire:** Again, I am grateful to the Minister for providing that clarity.

Some of the statements in the annexe to the information memorandum on the EU data retention directive on telecoms and internet data suggest that there will be no change in policy. Clearly, there has been a change in policy this afternoon. We welcome that approach to the review of RIPA. The review is essential. Greater confidence and trust are required in the use of those powers because they have been over-extended and overused by a number of organisations and agencies in the past.

The right hon. Member for Leicester, East made some valid remarks on CCTV. The Home Affairs Committee report highlighted the value for money of CCTV. The report stated that £500 million has been spent. There is little doubt that millions of pounds have been spent on CCTV cameras. That form of direct surveillance has an important purpose in providing public and national security. The problem is that many of the systems that have been installed do not meet expectations. For example, they are sometimes in the wrong place or the images that are captured are not of sufficient quality to be used in evidence.

The Home Office rightly identified various weaknesses in the "National CCTV Strategy", which was published in 2007. It recommended:

> "Owners of systems should undertake a review of all the CCTV cameras in public space use, detailing their purpose and establishing if they are fit for that purpose."

It said:

> "The role of the Information Commissioner needs to include greater powers to enforce licensing requirements of systems and people and needs to be clearer".

Recommendation R3.2 stated that

> "consideration should also be given to whether or not there is a need for any new legislation to tackle invasion of privacy with regard to both public and private CCTV—the latter remains a grey area in many respects".

Will the Minister say what progress has been made on implementing that strategy?

Will the Minister explain how he expects others to improve their standards when the Home Office does not know the status of its systems? No overall assessment

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has been made of whether Home Office CCTV systems comply with the Data Protection Act 1998, the CCTV code of practice published by the Information Commissioner and relevant British Standards Institution standards. Does the Minister accept that it is a bit rich for the Home Office to lecture others when it has not got around to checking whether its own house is in order?

Will the Minister explain the Government's apparent wish to mandate the introduction of CCTV in pubs and other licensed premises on a blanket basis? He will be aware of the concern that the Government's new mandatory code on licensing will be used to impose such requirements. Why is such a blanket approach proportionate and necessary? How will it reassure the public over fears of a creeping surveillance state?

That brings me neatly to the concerns about identity cards and the ID card database. The Government have still not made a case for the necessity of the entire scheme. The arguments about the need for identity cards from a national security perspective have been shown to be based on weak foundations. Biometric passports and visas are one thing, but requiring the entire population to have compulsory national ID cards is a completely different proposition. Ministers seem to be scouting around for other justifications for their highly controversial policy.

**Mr. Coaker:** The ID card scheme is not compulsory. If I did not mishear, the hon. Gentleman said that it was. It will not be compulsory to have an ID card.

**James Brokenshire:** I am grateful for the Minister's statement, but he will recognise that there is not unreasonable concern—this was discussed when the Identity Cards Act 2006 was being considered—that we are looking at an incremental change and a steady direction of travel that is leading to that end result. I referred to compulsory ID cards not to suggest that the Government's position is different, but because of the concern that that is the Government's end point. I shall listen with interest to the Minister's response as to where the issue currently sits.

The Government's thinking is confused. A Home Office Minister's suggestion that it would be appropriate to consider extending the ID card scheme, if it proves popular, to 14-year-olds is certainly an interesting view of market forces. It seems ironic that the scheme, which was argued for as essential and necessary to combat terrorism, should be foisted on children. From 2010, 16 and 17-year-olds will be able to volunteer to have an ID card, apparently to help them to prove their identity when they open their first bank account, take out a student loan or start employment. Yet that line of argument founders when one considers that banks and employers are not seeking ID cards. I know that young people are some of the biggest participants in volunteering, but I somehow do not see them queuing up for an ID card as the next must-have accessory.

In any event, phasing in ID cards in that way is certainly not helpful for age verification, because the plan is to issue them to under-18s. Whether it has dawned on the Government that age verification is about proving age, not proving that one is under age, is relevant. It is a cynical ploy to target young people in that way, and it sends out confusing messages when the Home Office is actively accrediting other proof-of-age programmes.

A broader fear is that if biometric data were compromised, how would the situation be remedied? The comments of Ross Anderson, professor of security engineering at Cambridge university, when giving evidence to the Committee that considered the UK Borders Act 2007—comments that were highlighted in the Select Committee's report—are germane. He said:

"There is a fundamental security engineering problem with biometrics as opposed to, say, the cryptographic keys in your chip and PIN card. Once your biometrics become compromised, you cannot revoke them; it is not practical to do eye or finger transplants. Therefore, once you start using biometrics on a very wide scale, for all sorts of everyday transactions, the mafia—for want of a better word—will also have your biometrics."—[*Official Report, UK Borders Public Bill Committee*, 1 March 2007; c. 100, Q215.]

The professor's statement was stark, but there are relevant and serious concerns about where we are going with the use of biometrics if it is extended so widely, and how safety and security issues can be properly addressed in the architecture, the protections, and the way in which this technology is starting to be used. A huge amount of care is needed.

In conclusion, I return to the key recommendations in the report. The Government should operate a policy of data minimisation. That is a useful principle to have at the forefront. Too often, the Government harvest information and create databases which, if linked or combined at a future date, would go far beyond the remit for which they were set up. Sadly, the Government seem to have been unwilling to listen to the arguments about surveillance and data, but I hope that the Minister has listened this afternoon. They have sought more and more powers of surveillance of citizens and data tracking, apparently paying little heed to the arguments about an individual's right to privacy and the sort of society that they might create. There are things that the Government need to know about the public, but the mission creep that has occurred is worrying and disturbing. The Select Committee has highlighted some extremely serious and important issues, and the outstanding question is whether the Government are really committed to doing something about them.

4.25 pm

**The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker):** Good afternoon, Sir John. It is a pleasure to serve under your chairmanship. I welcome right hon. and hon. Members to the debate. I shall make some general remarks before going on to the more formal part of my speech. That is what I usually try to do.

This is an incredibly important debate, but let me clear the clutter out of the way, because that will enable us to have a better debate. It is not only the Government who wrestle with the issue of where privacy butts up against national security and the detection and prevention of crime. Obviously, no right hon. or hon. Member here would argue that no data should be retained and no DNA collected, or that there should be no sharing of data. The argument is always where to draw the line.

Those who drafted the European convention on human rights had the same problem. Article 8.1 states:

"Everyone has the right to respect for his private and family life, his home and his correspondence."

But they had to put in article 8.2:

"There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others."

What we are wrestling with this afternoon is wrestled with all the time. When that is cleared out of the way—when we forget about the wicked people versus good people argument, accept that the debate is serious and fundamental, and that it goes to the heart of our society—we shall start to make better progress. If the debate is caricatured, we cannot make progress.

We debate the matter in many different guises, in many different Committees and in many different areas, and an interesting question that I often pose to the hon. Members for Carshalton and Wallington (Tom Brake) and for Hornchurch (James Brokenshire) is, what would they do? To be fair, the latter knew what he was doing and caveated his remarks about what a Conservative Government would do if they were elected, because he knows that responsibility for making such decisions is difficult. Does one collect the information in the way that one is told to, and how does one access and safeguard it? Views and advice on where the line should be drawn are often conflicting. The debate has highlighted, thoughtfully and interestingly, how we should take the discussion forward.

It is necessary for us collectively to get a grip on the debate and to try to move it on. Before making my formal comments, I shall make some concrete proposals on some of the things that I shall try to do with regard to the report produced by the Committee chaired by my right hon. Friend the Member for Leicester, East (Keith Vaz). He has had to leave for a short while, but I congratulate him, and the hon. Member for Carshalton and Wallington and his Select Committee colleagues, because it is an excellent and challenging report.

If there is one thing that works exceedingly well in Parliament, it is the Select Committee system. This is an exceptionally good report. It is challenging, evidence-based, thoughtful and non-partisan, and it addresses the issues. I am glad that my right hon. Friend has come back into the Chamber, because I think that the Select Committee system overall is one of the best parts of our Parliament and the Home Affairs Committee is one of the best Select Committees. I am not being sycophantic to him. The report is excellent. It challenges the Government to do things, and causes us to stop and think.

This issue involves not only legal change, but cultural change. It is about all of us giving a bit more thought and time to data management. I shall show how the Home Office is at the forefront of that drive. The point about cultural change is serious. The Committee made the point that, culturally, individuals have to change; this is not just about big Government decisions. There is a need for everyone to take more responsibility for the issue.

While walking into the Home Office today—this is not something that was set up—members of staff and civil servants were given a leaflet that said:

"Safeguarding the information we handle is a personal responsibility. All Home Office HQ staff including HQ contract and HQ agency staff must complete the Protecting Information e-learning training by 31st March 2009.

If you have not already done so, you must complete the mandatory Protecting Information e-learning course by 31st March".

The leaflet tells them how to do that and says:

"It's up to you".

Far be it from me to say that that means that, therefore, all the different issues that have been raised this afternoon and in my right hon. Friend's report have been solved, but it does show that there is some movement in the undergrowth on taking this issue much more seriously.

Also recommended by the Committee was a Home Office information charter, which is now available on the website. We even have an information rights team. That is progress and radical civil service change for you. The serious point, which is very important, is that change is there.

My right hon. Friend the Member for Walsall, South (Mr. George) made a point about the importance of the private security industry, and I agree with him about that. As long as I have been a Home Office Minister, he has come to see me, advised me and challenged me about the role of the security industry as a whole. He and I have had a lot of debate and discussion about the role of the Security Industry Authority and how things should be changed. The private security industry is unrecognisable from what it was previously, and it is thanks to my right hon. Friend and people like him that that change has taken place.

I agreed with my right hon. Friend's answer to the question put to him by my right hon. Friend the Member for Leicester, East. I do not care how many cameras there are; I want effective cameras. If there needs to be an increase in the number of effective cameras, there needs to be an increase. I think that the public will accept that. They will not accept it if cameras just appear and no thought has been given to that. There could be 300 cameras or there could be three. Their effectiveness and placement are what is important.

The hon. Member for Carshalton and Wallington made a good point, which I will look into. He knows that I try to answer the question and if I do not know the answer, I look into the issue. His idea to look at prior approval for some of the things that appear on the website is probably a difficult one to achieve, but that does not mean that it should not be considered. He is right to say that some of the things that appear are of great concern. Because something is difficult, that does not mean that we should not do it. I had not thought of what he suggested, but I will consider it. It is an interesting perspective on the issue.

**Tom Brake:** When the Minister is considering that, will he consider whether many of these facilities or applications should be ones that people have consciously to opt into, rather than there being an opportunity to opt out? There is some interesting advertising, for instance, driven through the web. People have to opt out of receiving targeted advertising, rather than choosing to opt in.

**Mr. Coaker:** The hon. Gentleman is pushing it now. I have said that I will consider the idea and now he is trying to take me down the path of what I should decide. I need to consider the idea. Let me consider it and see whether we need to go anywhere with it. In my formal remarks, I shall also deal with his points about access to data and some of the comments that the hon. Member for Hornchurch made about that.

*[Mr. Coaker]*

I absolutely agree with the hon. Member for Hornchurch on the importance of the work of the Information Commissioner. In a minute, when I make specific commitments, the hon. Gentleman will see that the role of the Information Commissioner is crucial. Both the hon. Gentleman and my right hon. Friend the Member for Leicester, East think that there is a need to inject more urgency, speed and pace into this area of work. I will take up that point.

Obviously, chief constables have a right to delete DNA from a database if they think that appropriate. That is an operational decision for them. They own the data; it is a matter for them. I think that the hon. Gentleman, supported by my right hon. Friend, was asking me whether I, as Minister responsible for the police, should consider how I could remind them of that process and its importance. I will do that, and do it in a way that is necessary and proportionate, but I will do it. Sometimes, it is important to remind people of such things. I might send them a copy of the report of the debate, so that they can see the points that were made. I hope that that is helpful to my right hon. Friend and to the hon. Gentleman.

Let me say a couple of specific things, drawing on the report. First, let me make some specific commitments to try to drive the issue forward. We have made a commitment to having the national CCTV body. I will try to progress that more quickly so that we have the national oversight body. Let us try to drive that forward. I have already made a point about the RIPA review. I shall make some formal remarks on that in a moment. It will happen shortly. It will be a consultation about how some RIPA authorisations are given and who does that.

The Information Commissioner is talking to the Ministry of Justice about an annual report to Parliament. I will try to ensure that we get that annual report to Parliament so that it can be debated. Again, that is important. I hope that what I have said is helpful, although I cannot give a guarantee. The decision involves the Ministry of Justice with the Information Commissioner, but I will talk to fellow Ministers about the issue to see whether we can progress it. I hope that that also helps my right hon. Friend.

I will make another commitment so that we start to get some meat on the bones of this. I will meet the Information Commissioner and talk to him specifically about some of these issues. I will get his view and, from then on, set up regular meetings with the commissioner to see how all this is progressing, or not.

The communications data consultation document will be published shortly. The hon. Member for Hornchurch mentioned a consultation on DNA. That, too, will commence in the near future.

I say to my right hon. Friend the Member for Leicester, East that I think it would be helpful to his Committee—I hope he will confirm whether that is the case—if the Home Office updated its response to the Committee. If we sent one to him, he could share it with the members of his Committee. I cannot give him a specific time, but perhaps we could do an update in the next two or three months or so and send it to his Committee, specifically addressing some of the points that have been made. I hope that he and the Committee will find that helpful, and then we can take it forward. He may want to do other things as a consequence.

I am a practical person and I hope that I have made practical points and given a practical demonstration of some of the ways forward.

**Tom Brake:** I thank the Minister for making the practical and sensible suggestion—one that we have taken up in the Committee—that there should be a follow-up by the Home Office. I am pleased to hear him suggesting that he would like to provide the Committee with a follow-up report. Is he willing to extend that to all other reports that the Home Affairs Committee might produce, because what is good for the goose must be good for the gander?

**Mr. Coaker:** That is the second time that the hon. Gentleman has tried to push it. Steady on—let us just see. The commitment that I have made on this report is clear. As my right hon. Friend the Member for Leicester, East knows, I am coming to the Committee the week after next to talk about police reform and some of the changes. I am always willing to come to the Home Affairs Committee. If the hon. Gentleman believes that there is something that I should do that I am not doing, he should talk to the Committee Chairman, and, as my right hon. Friend has done on many occasions, he will then speak to me.

**Keith Vaz:** I thank the Minister for the generosity of his comments this afternoon, and the impressive way in which he has dealt with our report. I know that he has not finished his speech, but what he has said so far on our recommendations has been extremely helpful, and we look forward to seeing him again to talk about these specific points.

**Mr. Coaker:** I thank my right hon. Friend. Having given a progress report, and if he and his Committee feel it appropriate, I am willing to talk to them.

I shall take a few minutes to put some more formal remarks on record. I shall refer also to one or two other matters that were raised during the debate. No one disputes that taking and using DNA to detect crime and help bring offenders to justice must remain a key tool for the police. The DNA database is crucial for public protection—a point made by my right hon. Friend the Member for Walsall, South. Between May 2001 and 31 December 2005, almost 200,000 DNA profiles on the national DNA database that would previously have had to be removed—that is, before legislation was passed in 2001—because the person had been acquitted or the charges dropped, resulted in approximately 8,500 profiles from some 6,290 individuals being linked with crime scene profiles. Those involved nearly 14,000 offences, including 114 murders, 55 attempted murders, 116 rapes, 68 sexual offences, 119 aggravated burglaries and 127 cases involving the supply of controlled drugs.

However, we accept that the current policy of retaining DNA of persons arrested but not convicted needs to be changed to comply with the judgment of the European Court of Human Rights in the S and Marper case. We are committed to consulting the public on a proposed new retention policy, to be embedded in legislation. We will include in the consultation paper all the recommendations in the Committee's report.

**James Brokenshire:** The Minister has said that he will consult on those issues, and that that would be embedded in legislation. Does that mean that the Government are

shifting away from relying on order-making powers? At present, the Government's stance has been that the Home Secretary makes regulations. In other words, a particular outcome is not embedded in legislation. Is the Minister indicating a shift of approach?

**Mr. Coaker:** I am explaining the approach that the Government are taking with respect to the consultation. The hon. Gentleman knows that measures contained in the Policing and Crime Bill will give the Home Secretary the power to make orders by statutory instrument to change legislation to take account of the consultation. I am outlining to the House the fact that the consultation will be wide-ranging and will include the various points made in the Committee's report.

Closed circuit television has been a vital weapon in fighting crime for many years. The police, local authorities, transport bodies and law enforcement agencies have all seen the benefits of using it. Indeed, the events of 7 and 21 July 2005 underlined the use of CCTV as an investigative tool. Between 1999 and 2003, the Home Office made available £170 million to help fund 680 schemes across the country. Subsequent funding streams for a range of crime reduction and community safety initiatives were available for CCTV, if local authorities considered it necessary. Such initiatives included Communities against Drugs, the safer communities initiative, Building Safer Communities, the basic command unit fund and the Safer, Stronger Communities fund.

However, there are also concerns about the use of CCTV. For one reason or another, its uses have attracted accusations of invasion of privacy rather than it being treated as a measured and sensible precaution to safeguard national security, protect the public from crime and to detect crime. If CCTV is to work, it must be operated in a way that commands the confidence of the community it serves.

The Home Affairs Committee report made a number of recommendations on CCTV, including the establishment of a national body, the undertaking of further research into the effectiveness of CCTV as a deterrent to crime, the creation of standards to enhance the value of CCTV images and a review of retention periods for CCTV footage. All those issues will be addressed as part of the work being undertaken by the national CCTV strategy board.

One reason why an update would be useful is that the Campbell Collaboration has produced a report on research conducted by the National Police Improvement Agency on the effect of closed circuit television on crime. It was published on 2 December 2008, and it may be of interest to the House. I shall read the text of the review:

"Results of this review indicate that CCTV"—

this shows that I am not being biased; I could have missed out this word, but I shall not—

"has a modest but significant desirable effect on crime, is most effective in reducing crime in car parks, is most effective when targeted at vehicle crimes (largely a function of the successful car park schemes), and is more effective in reducing crime in the United Kingdom than in other countries."

Those results lend support to the continued use of CCTV in preventing crime in public spaces, but suggest that it be more narrowly targeted than at present. It is an interesting report, and those Members who are not aware of it may wish to read it.

**James Brokenshire:** The part of the report highlighted by the Minister is interesting. Will he confirm whether the Home Office is updating its national CCTV strategy in the light of the Committee's recommendations and the research done by the NPIA? In the context of his comment on CCTV being used appropriately, but regardless of how many cameras there may be, will he comment on my point about licensing conditions and the fact that CCTV might be mandated for use in pubs and other licensed premises in a way would not necessarily take account of the principles that he has been enunciating?

**Mr. Coaker:** There is a need for us to look at how CCTV is used, and to use the evidence that we have. It is important to ensure that the information gets out—in this case, to the various crime and disorder reduction partnerships, the police and so on.

Creating a national body, as suggested by the Committee, would be a way to do the very thing that the hon. Member for Hornchurch has mentioned. However, I do not want to prejudge that question; I want people to consider whether there is a need to update practice and guidance. However, it must be done on the basis of evidence, and what is being said.

That is exactly the point being made by my right hon. Friend the Member for Leicester, East. Where is the evidence for us to use CCTV in a way that would make a real difference? The Committee's report starts to point out how that might be done. However, although we have a strategy, we do not have a national body to act as the delivery mechanism by which practice can be changed. That is why it is so important to have such a body, which is what I want to see.

The hon. Member for Hornchurch also asked about CCTV in pubs. I shall be corrected if I am wrong, but I believe that the issue concerns changes to licensing conditions or applications for licences. In some cases, because of their concerns about crime in a particular area, the police have said that if there were to be a change to the licensing conditions, they would recommend the installation of CCTV. If I am wrong, I am wrong; but as far as I am aware that has happened in all sorts of applications in all sorts of circumstances. It is a pretty reasonable way forward. The police were doing it to reduce crime.

**Tom Brake:** While the Minister is on the subject of CCTV guidance, he may recall that the Committee took evidence from a police officer, who was concerned that he had to fill in a 16-page form in order to change the direction in which a CCTV camera was pointing, otherwise it could be considered covert surveillance.

On the other hand, Google Street View allows someone—I have checked this—to see faces in crowds, despite apparently having an automatic system that disguises people's faces. While police officers have to fill in long forms to change the direction of a CCTV camera, the Google application shows people's images without constraint. There seem to be some discrepancies.

**Mr. Coaker:** I hear such things, as well. We are attempting to reduce bureaucracy, and if police do have to fill in 16-page forms to change a camera's direction, we need to look at that. However, when I have been in CCTV control rooms, including in my own area, someone has been controlling and operating the cameras—

**Tom Brake:** These are fixed ones.

**Mr. Coaker:** That might be different. Police officers have not raised that with me, but if it is a problem, we need to sort it out. Nevertheless, CCTV remains an important tool in the Government's crime fighting strategy.

The identity card scheme has been specifically designed to provide a convenient and more secure way for people to prove their identity, and to provide a secure and reliable method for individuals to be identified wherever that is in the public interest. However, we are aware that the collection and storage of personal identity information brings with it a huge responsibility to ensure that the information is handled securely and used only for the purpose for which it is intended. That is why the scheme has been designed to include measures to protect civil liberties, including privacy, and this is backed by legislation.

We have responded to the report's recommendations. In respect of data minimisation, the national identity register will hold very similar information to that which is already securely held by the Identity and Passport Service on the passport database, and legislation specifically precludes holding anything beyond core identity information. Sensitive personal data about an individual, such as details of criminal or medical history, information about their political or religious beliefs, or financial information related to tax, pensions or benefits cannot be held on the national identity register. The Identity Cards Act 2006 also states that individuals will not be required to carry their identity cards.

**Tom Brake:** I wanted to raise earlier an issue regarding the national identity register. The Select Committee report wanted confirmation that

"the National Identity Register will not be used as a matter of routine to monitor the activities of individuals."

The Government's response stated that

"it would be a significant undertaking to use it 'to monitor the activities of individuals' and certainly not something that would be practicable to use as a matter of course or in real-time."

I hoped that the Government would state definitively that they will not use the register to monitor the activities of individuals. The response had more caveats than that.

**Mr. Coaker:** We will not do that. We have other ways of targeting individuals. I know that the hon. Gentleman disagrees, but the register is aimed at ensuring that we can prove who people are, should they choose to put themselves on it.

Before the first identity cards can be issued to British citizens, we will also appoint an independent national identity scheme commissioner, who will have the sole responsibility of ensuring that the scheme complies with the obligations laid out in legislation. They will have full oversight of the register and the uses to which identity cards are put—the point that the hon. Gentleman made.

The commissioner will publish reports, at least annually, to be laid before Parliament, but should they have any concerns, those may be reported to the Secretary of State or the Information Commissioner, or raised before Parliament. If there is evidence of criminal activity, the matter may be referred to the police.

I say to the hon. Member for Hornchurch that the misuse of data on the register is a criminal offence carrying a penalty of up to 10 years in prison. Last year, the Home Secretary announced that we will shortly be publicly setting out the importance of communications data, explaining the technological changes that will affect our capability and seeking views on options for maintaining it in a way that commands public confidence.

On a small number of occasions, local authorities have used techniques under RIPA in ways that are unacceptable and inappropriate. We must be able to stop them. To emphasise that, in December, my right hon. Friend the Minister for Local Government wrote to all local authority chief executives. These instances were the result of a failure to apply properly the tests in RIPA. To address that concern, we will shortly be holding a public consultation on the full list of public authorities able to use key techniques under RIPA, as well as related codes of practice.

We are also considering—the Committee chaired by my right hon. Friend the Member for Leicester, East made this point—raising the rank at which RIPA techniques are authorised in local authorities to senior executive and giving elected councillors a role. The consultation will take place shortly.

I remain satisfied that the essential framework set out in RIPA is appropriate, but we must ensure that public confidence is maintained. The key in the RIPA framework is the test of necessity and proportionality.

Let me say a couple of words on data security. We take very seriously our responsibilities to protect personal information. Following the report that we are debating today and the Cabinet Office's data handling review, we have taken a number of key steps. For example, the Home Office has published an information charter setting out the standards that the public can expect from the Home Office when it requests or holds their personal information, how they can get access to their personal data and what they can do if they do not think that standards are being met.

Moreover, we have appointed a senior information risk owner to own and manage information risk, and she reports directly to the permanent secretary. Each of our main agencies and non-departmental public bodies has a senior risk owner.

**Tom Brake:** I raised a point earlier about the information charter. Will the Minister set out how its existence is publicised?

**Mr. Coaker:** It is fair to say that more work needs to be done to publicise all such information charters and cultural changes. We must challenge people and change behaviour. However, we need, in the first instance, an information charter, as my right hon. Friend the Member for Leicester, East said. We have one and we must publicise it more than we do. In that way, we will start to protect information.

My right hon. Friend and others also pointed out that the Coroners and Justice Bill has made changes to the powers of the Information Commissioner. It is trying to ensure that the commissioner has the legislative power and the resources to do the things that we all want.

**Keith Vaz:** I did refer to the Coroners and Justice Bill. Will the Minister reassure us that there is no proposal to bring back this super-database and that the idea has been dropped?

**Mr. Coaker:** That is my understanding of the situation, and I hope that that reassures my right hon. Friend.

This is a huge debate. If my maths is right, I have spoken for about half an hour. However, one could spend hours on each topic alone. Let me finish where I began. I made some commitments, and outlined some concrete proposals, that will help to bring about the change that we all want. By those commitments, I can be held to account, and we can see where change is happening. If, in one, two, five or 10 years, we are still debating the need for greater data protection and worrying about surveillance in our society, we will not have done our job as effectively as we should have done.

Surveillance and data retention play important roles in protecting society and in reducing and tackling crime, including serious crime. However, that does not alter the fact that such behaviour brings with it serious invasions of privacy and compromises with respect to the individual liberty of the citizen. We have to ensure that we get the balance right.

*Question put and agreed to.*

5 pm

*Sitting adjourned.*